



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

RBI/2013-14/117

A.P. (DIR Series) Circular No.01

July 04, 2013

To

All Category – I Authorised Dealer banks

Madam/Sir,

Foreign Investment in India – Guidelines for calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India had, vide Press Notes 2 and 3 (2009 series) dated February 13, 2009, issued guidelines for calculation of total foreign investment, i.e., direct and indirect foreign investment in Indian companies and for establishment of Indian companies/ transfer of ownership or control of Indian companies from resident Indian citizens to non-resident entities, in sectors with caps. Further, DIPP, vide their Press Note 2(2012 series) dated July 31, 2012, had made certain other changes. The Consolidated FDI Policy Circular 1 of 2013 dated April 5, 2013, available at www.dipp.gov.in comprehensively incorporates the contents of the Press Notes.

3. (i) The regulatory framework comprises:

- (A) definitions;
- (B) concept of direct and indirect foreign investment;
- (C) method of calculation of total foreign investment;
- (D) guidelines for establishment of Indian companies and transfer of ownership or control of Indian companies, from resident Indian citizens and Indian companies to non-resident entities, in sectors with caps;
- (E) downstream investment by an Indian company which is not owned and/or controlled by resident entity /ies.

These guidelines, summarised in the Annex, shall come into force from the date(s) mentioned in the [Notification No.FEMA.278/2013-RB dated June 07, 2013](#) and notified vide G.S.R.393(E) dated June 21, 2013.

(ii) Any foreign investment already made in accordance with the guidelines in existence prior to February 13, 2009 would not require any modification to conform to these guidelines. All other investments, after the said date, would come under the ambit of these new guidelines.

(iii) As regards investments made between February 13, 2009 and the date of publication of the FEMA notification, Indian companies shall be required to intimate, within 90 days from the date of this circular, through an AD Category I bank to the concerned Regional Office of the Reserve Bank, in whose jurisdiction the Registered Office of the company is located, detailed position where the issue/transfer of shares or downstream investment is not in conformity with the regulatory framework now being prescribed. Reserve Bank shall consider treating such cases as compliant with these guidelines within a period of six months or such extended time as considered appropriate by RBI in consultation with Government of India.

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

5. As stated above, Reserve Bank has since amended the Regulations and notified vide Notification No. FEMA.278/2013-RB dated June 07, 2013 and notified vide G.S.R.393(E) dated June 21, 2013.

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

Yours faithfully,

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

Annex

Guidelines for calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies

A. Definitions

1 (i) Ownership and Control

- a) Company 'Owned by resident Indian citizens' shall be an Indian company if more than 50% of the capital in it is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately owned and controlled by resident Indian citizens; Company shall be considered 'Controlled' by resident Indian citizens if the residents Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens, have the power to appoint a majority of its directors in that company;
- b) Company 'Owned by non-residents' means an Indian company where more than 50% of the capital in it is beneficially owned by non-residents; Company 'Controlled by 'non-residents ' means an Indian company where non-residents have the power to appoint a majority of its directors in that company;

(ii) 'Direct foreign investment' shall mean investment received by an Indian Company from non-resident entities regardless of whether the said investments have been made under Schedule 1, 2, 3, 6 and 8 of the Notification No. FEMA. 20/2000-RB dated May 3, 2000, as amended from time to time;

(iii) 'Downstream investment' means indirect foreign investment, by one Indian company into another Indian company, by way of subscription or acquisition;

(iv) 'Holding Company' would have the same meaning as defined in Companies Act 1956;

(v) 'Indian Company' means a company incorporated in India under the Companies Act, 1956;

(vi) ‘Indirect foreign investment’ means entire investment in other Indian companies by an Indian company (IC), having foreign investment in it provided IC is not ‘owned **and** controlled’ by resident Indian citizens and/or Indian Companies which are owned and controlled by resident Indian citizens or where the IC is owned **or** controlled by non-residents. However, as an exception, the indirect foreign investment in the 100% owned subsidiaries of operating-cum-investing/investing companies will be limited to the foreign investment in the operating-cum-investing/investing company.

(vii) ‘Investing Company’ means an Indian Company holding only investments in other Indian company/ies directly or indirectly, other than for trading of such holdings/securities;

(viii) ‘Non-Resident Entity’ means ‘person resident outside India’ (as defined at Section 2(w) of FEMA, 1999);

(ix) ‘Resident Entity’ means ‘person resident in India’ (as defined at Section 2(v) of FEMA, 1999), excluding an individual;

(x) ‘Resident Indian citizen’ shall be interpreted in line with the definition of person resident in India as per FEMA, 1999, read in conjunction with the Indian Citizenship Act, 1955.

(xi) ‘Total foreign investment’ in an Indian Company would be the sum total of direct and indirect foreign investment.

B. Direct and indirect foreign investment in Indian companies – meaning

2. Investment in Indian companies can be made by both non-resident as well as resident Indian entities. Any non-resident investment in an Indian company is direct foreign investment. Investment by resident Indian entities could again comprise both resident and non-resident investments. Thus, such an Indian company would have indirect foreign investment if the Indian investing company has foreign investment in it. The indirect investment can also be a cascading investment, i.e. through multi-layered structure.

C. Guidelines for calculation of total foreign investment, i.e., direct and indirect foreign investment in an Indian company.

3.(i) Counting of Direct foreign investment: All investments made directly by non-resident entities into the Indian company would be counted towards 'Direct foreign investment'.

(ii) Counting of indirect foreign Investment: The entire indirect foreign investment by the investing company into the other Indian Company would be considered for the purpose of computation of indirect foreign investment. However, as an exception, the indirect foreign investment in the 100% owned subsidiaries of operating-cum-investing/investing companies will be limited to the foreign investment in the operating-cum-investing/ investing company. This exception has been made since the downstream investment of a 100% owned subsidiary of the holding company is akin to investment made by the holding company and the downstream investment should be a mirror image of the holding company. This exception, however, is strictly for those cases where the entire capital of the downstream subsidiary is owned by the holding company.

(iii) The methodology for calculation of total foreign investment would apply at every stage of investment in Indian companies and thus in each and every Indian company.

(iv) Additional requirements

(A) The full details about the foreign investment including ownership details etc. in Indian company /ies and information about the control of the company /ies would be furnished by the Company /ies to the Government of India at the time of seeking approval.

(B) In any sector/activity, where Government approval is required for foreign investment and in cases where there are any *inter-se* agreements between/amongst share-holders which have an effect on the appointment of the Board of Directors or on the exercise of voting rights or of creating voting rights disproportionate to shareholding or any incidental matter thereof, such agreements will have to be informed to the approving authority. The approving authority will consider such *inter-*

se agreements for determining ownership and control when considering the case for approval of foreign investment.

(C) In all sectors attracting sectoral caps, the balance equity i.e. beyond the sectoral foreign investment cap, would specifically be beneficially owned by/held with/in the hands of resident Indian citizens and Indian companies, owned and controlled by resident Indian citizens.

(D) In the I& B and Defence sectors where the sectoral cap is less than 49%, the company would need to be “owned **and** controlled” by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.

(a) For this purpose, the equity held by the largest Indian shareholder would have to be at least 51% of the total equity, excluding the equity held by Public Sector Banks and Public Financial Institutions, as defined in Section 4A of the Companies Act, 1956. The term “largest Indian shareholder”, used in this clause, will include any or a combination of the following:

(aa) In the case of an individual shareholder,

(aai) The individual shareholder,

(aaii) A relative of the shareholder within the meaning of Section 6 of the Companies Act, 1956.

(aaiii) A company/ group of companies in which the individual shareholder/HUF to which he belongs has management and controlling interest.

(ab) In the case of an Indian company,

(abi) The Indian company

(abii) A group of Indian companies under the same management and ownership control.

(b) For the purpose of this Clause, “Indian company” shall be a company which must have a resident Indian or a relative as defined under Section 6 of the Companies Act, 1956/ HUF, either singly or in combination holding at least 51% of the shares.

(c) Provided that, in case of a combination of all or any of the entities mentioned in sub-clauses (aa) and (ab) above, each of the parties shall have entered into a

legally binding agreement to act as a single unit in managing the matters of the applicant company.

(E) If a declaration is made by persons as per section 187C of the Indian Companies Act about a beneficial interest being held by a non resident entity, then even though the investment may be made by a resident Indian citizen, the same shall be counted as foreign investment.

4. The above mentioned policy and methodology would be applicable for determining the total foreign investment in all sectors, except in sectors where it is specified in a statute or a rule there under. The above methodology of determining direct and indirect foreign investment therefore does not apply to the insurance sector which will continue to be governed by the relevant Regulation.

D. Guidelines for establishment of Indian companies/ transfer of ownership or control of Indian companies, from resident Indian citizens and Indian companies to non-resident entities, in sectors with caps.

5. In sectors/activities with caps, including, *inter-alia*, defence production, air transport services, ground handling services, asset reconstruction companies, private sector banking, broadcasting, commodity exchanges, credit information companies, insurance, print media, telecommunications and satellites, Government approval/FIPB approval would be required in all cases where:

- (i) An Indian company is being established with foreign investment and is not owned by a resident entity or
- (ii) An Indian company is being established with foreign investment and is not controlled by a resident entity or
- (iii) The control of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition, etc. or

- (iv) The ownership of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition, etc. or
- (v) It is clarified that these guidelines will not apply to sectors/activities where there are no foreign investment caps, that is, where 100% foreign investment is permitted under the automatic route.
- (vi) For the purpose of computation of indirect foreign investment, foreign investment shall include all types of direct foreign investments in the Indian company making downstream investment. For this purpose portfolio investments either by FIIs, NRIs or QFIs holding as on March 31 of the previous year would be taken into account. e.g. for monitoring foreign investment for the financial year 2011-12, investment as on March 31, 2011 would be taken into account. Besides, investments in the form of Foreign Direct Investment, Foreign Venture Capital investment, investments in ADRs/GDRs, Foreign Currency Convertible Bonds (FCCB) will also be taken in account. Thus, regardless of the investments having been made under Schedule 1, 2, 3, 6 and 8 of the Notification No.FEMA. 20/2000-RB dated May 3, 2000, as amended from time to time will be taken into account.

E. Downstream investment by an Indian company which is not owned and/or controlled by resident entity/ies.

6. (i) Downstream investment by an Indian company, which is not owned and/ or controlled by resident entity/ies, into another Indian company, would be in accordance/compliance with the relevant sectoral conditions on entry route, conditionalities and caps, with regard to the sectors in which the latter Indian company is operating.

Note: with effect from 31st day of July 2012 *Downstream investment/s made by a banking company, as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949, incorporated in India, which is owned and/or controlled by non-residents/ a non-resident entity/non-resident entities, under Corporate Debt Restructuring (CDR), or other loan restructuring mechanism, or in trading books,*

or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

(ii) Downstream investments by Indian companies will be subject to the following conditions:

- (a) Such a company has to notify Secretariat for Industrial Assistance, DIPP and FIPB of its downstream investment in the form available at <http://www.fipbindia.com> within 30 days of such investment, even if capital instruments have not been allotted along with the modality of investment in new/existing ventures (with/without expansion programme);
- (b) downstream investment by way of induction of foreign equity in an existing Indian Company to be duly supported by a resolution of its Board of Directors as also a Shareholders' Agreement, if any;
- (c) issue/transfer/pricing/valuation of shares shall continue to be in accordance with extant SEBI/RBI guidelines;
- (d) For the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not use funds borrowed in the domestic market. This would, however, not preclude downstream operating companies, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company engaged only in activity of investing in the capital of another Indian company/ies, subject to the provisions above and as also elaborated below:
 - Foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian company /ies, will require prior Government/FIPB approval, regardless of the amount or extent of foreign investment. Foreign investment into Non-Banking Finance Companies (NBFCs), carrying on activities approved for FDI, will be subject to the conditions specified in Annex-B of Schedule 1 of FEMA Notification No. 20 dated May 3, 2000 as amended from time to time;

- Those companies, which are Core Investment Companies (CICs), will have to additionally follow RBI's Regulatory Framework for CICs.
- For infusion of foreign investment into an Indian company which does not have any operations and also does not have any downstream investments, Government/FIPB approval would be required, regardless of the amount or extent of foreign investment. Further, as and when such a company commences business(s) or makes downstream investment, it will have to comply with the relevant sectoral conditions on entry route, conditionalities and caps.

Note: Foreign investment into other Indian companies would be in accordance/compliance with the relevant sectoral conditions on entry route, conditionalities and caps.

- (e) The FDI recipient Indian company at the first level which is responsible for ensuring compliance with the FDI conditionalities like no indirect foreign investment in prohibited sector, entry route, sectoral cap/conditionalities, etc. for the downstream investment made by in the subsidiary companies at second level and so on and so forth would obtain a certificate to this effect from its statutory auditor on an annual basis as regards status of compliance with the instructions on downstream investment and compliance with FEMA provisions. The fact that statutory auditor has certified that the company is in compliance with the regulations as regards downstream investment and other FEMA prescriptions will be duly mentioned in the Director's report in the Annual Report of the Indian company. In case statutory auditor has given a qualified report, the same shall be immediately brought to the notice of the Reserve Bank of India, Foreign Exchange Department (FED), Regional Office (RO) of the Reserve Bank in whose jurisdiction the Registered Office of the company is located and shall also obtain acknowledgement from the RO of having intimated it of the qualified auditor report. RO shall file the action taken report to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office, Central Office Building, Shahid Bhagat Singh Road, Mumbai 400001.

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

RBI/2013-14/118
A.P. (DIR Series) Circular No.02

July 04, 2013

To,

All Authorised Dealer Category – I Banks

Madam / Sir,

Risk Management and Inter-Bank Dealings- Liberalization of documentation requirements for the resident entities in the Indian Forex Market

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#) issued on Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks. In the annex to this circular, under paragraph (II) sub-paragraph (b) (ii) it has been stated that in the case of contracted exposure, AD Category I banks must obtain “Quarterly certificates from the statutory auditors of the users, that the contracts outstanding at any point of time with all AD Category I banks during the quarter did not exceed the value of the underlying exposures”

2. In view of the recommendations of the Technical Committee on Services / Facilities for the Exporters (Chairman: Shri G. Padmanabhan, Executive Director, Reserve Bank of India) regarding rationalization of the documentation process, it has now been decided that AD banks, while offering hedging products under the contracted exposure route to their customers may obtain an annual certificate from the statutory auditors to the effect that the contracts outstanding with all AD category I banks at any time during the year did not exceed the value of the underlying exposures at that time. It is reiterated, however, that the AD bank, while entering into any derivative transaction with a client, shall have to obtain an undertaking from the client to the effect that the contracted exposure against which the derivative transaction is being booked has not been used for any derivative transaction with any other AD bank.

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

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

Yours faithfully,

(C D Srinivasan)
Chief General Manager



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

RBI/2013-14/119
A.P. (DIR Series) Circular No.03

July 04, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.112 dated June 20, 2013](#), wherein the Rupee value of the special currency basket was indicated as Rs.75.705663 effective from June 05, 2013.

2. AD Category-I banks are advised that a further revision has taken place on June 10, 2013 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.78.374512 with effect from June 13, 2013.

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

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

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/124
A.P. (DIR Series) Circular No. 4

July 8, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

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

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 18, 2012 with the Government of Seychelles, for making available to the latter, a Line of Credit (LOC) of USD 10 million (USD Ten million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of import of goods and services for specific projects funded by Development Bank of Seychelles in Seychelles. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India. Provided, however that, a suitable relaxation not exceeding 10 % may be considered on case to case basis for projects having civil construction.

2. The Credit Agreement under the LOC is effective from June 10, 2013 and the date of execution of Agreement is December 18, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (December 17, 2018) from the execution date of the Credit Agreement in the case of supply contracts.
3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(C. D. Srinivasan)
Chief General Manager**



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

RBI/2013-14/125
A.P. (DIR Series) Circular No.5

July 8, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.03 dated July 04, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.78.374512 effective from June 13, 2013.

2. AD Category-I banks are advised that a further revision has taken place on June 20, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.80.972091 with effect from June 25, 2013.

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

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

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/126
A.P. (DIR Series) Circular No. 6

July 8, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy - Non-Banking Finance Company –
Asset Finance Companies (NBFC - AFCs)**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) and [A.P. \(DIR Series\) Circular No. 69 dated January 7, 2013](#) relating to External Commercial Borrowings (ECB).

2. As per the extant guidelines, non-banking financial companies (NBFCs) are allowed to avail of ECB under approval route from multilateral financial institutions, reputable regional financial institutions, official export credit agencies and international banks with minimum average maturity of 5 years to finance import of infrastructure equipment for leasing to infrastructure projects. Further, NBFC – Infrastructure Finance Companies (IFCs) have been permitted to avail of ECB for on-lending to infrastructure sector both under automatic and approval routes subject to certain terms and conditions.

3. On a review of ECB policy, it has been decided to allow NBFCs, categorised as Asset Finance Companies (AFCs) by the Reserve Bank and complying with the norms prescribed in the [Circular DNBS. PD. CC. No. 85/03.02.089/2006-07 dated December 6, 2006](#) of the Bank, as amended from time to time, to avail of ECB subject to following conditions:

(i) NBFC-AFCs are allowed to avail of ECB under the automatic route from all recognised lenders as per the extant ECB guidelines with minimum average maturity

period of five years in order to finance the import of infrastructure equipment for leasing to infrastructure projects;

(ii) in cases, where the NBFC-AFCs avail of ECB in the form of Foreign Currency Bonds from international capital markets, such ECBs will be permitted to be raised only from those international capital markets that are subject to regulations prescribed by the host country regulator in a Financial Action Task Force (FATF) member country compliant with FATF guidelines;

(iii) such ECBs (including outstanding ECBs) under the automatic route can be availed upto 75 per cent of owned funds of NBFC-AFCs, subject to a maximum of USD 200 million or its equivalent per financial year;

(iv) ECBs by AFCs above 75 per cent of their owned funds will be considered under approval route by Reserve Bank; and

(v) the currency risk of such ECBs is required to be hedged in full.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of extant ECB guidelines shall remain unchanged.

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

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

Yours faithfully

(Rudra Narayan Kar)

Chief General Manager-in-Charge



RBI/2013-14/127

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

July 8, 2013

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to the [A.P.\(DIR Series\) Circular No.129 dated May 21, 2012](#) regarding participation in Currency Futures / Exchange Traded Currency Options markets.

2. On a review of the evolving market conditions, it has been decided that AD Category – I banks should not carry out any proprietary trading in the currency futures / exchange traded currency options markets. In other words, any transaction by the AD Category – I banks in these markets will have to be necessarily on behalf of their clients.
3. These instructions shall come in to effect immediately and shall be in force till further orders.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)

Chief General Manager-in-Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/131
A.P. (DIR Series) Circular No.8

July 11, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Investments – Shares of SWIFT

Attention of the Authorised Dealers (AD) is invited to Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified by the Reserve Bank vide [Notification No. FEMA 120/RB-2004 dated July 07, 2004](#) and as amended from time to time.

2. As per the extant FEMA provisions, the proposal of acquisition of the shares of Society for Worldwide Interbank Financial Telecommunication (SWIFT), Belgium by the resident bank is considered by the Reserve Bank on case to case basis under the approval route.

3. On a review, it has now been decided to grant general permission to a bank in India, being licensed by the Reserve Bank under the provisions of the Banking Regulation Act, 1949, to acquire the shares of SWIFT as per the by-laws of SWIFT, provided the bank has been permitted by the Reserve Bank for admission to the 'SWIFT User's Group in India' as member.

4. This modification shall come into force with immediate effect. Necessary amendment to the Notification No. FEMA.120/RB-2004 dated July 07, 2004 has been

issued vide [Notification No. FEMA.271/RB-2013 dated March 19, 2013](#) and notified vide dated G.S.R.No.345 (E) dated 29.05.2013 (copy enclosed).

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,

**(C. D. Srinivasan)
Chief General Manager**



**RESERVE BANK OF INDIA
Mumbai - 400 001**

RBI/2013-14/132

July 11, 2013

A.P. (DIR Series) Circular No.9

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Category-I Authorized Dealer banks is invited to the [A.P. \(DIR Series\) Circular No. 98 dated April 09, 2013](#) relating to all-in-cost ceiling of Trade Credits for imports into India.

2. On a review it has been decided that the all-in-cost ceiling as specified under paragraph 4 of [A.P. \(DIR Series\) Circular No.28 dated September 11, 2012](#) will continue to be applicable till September 30, 2013 and is subject to review thereafter.
3. **It has also been decided that for availment of trade credit, the period of trade credit should be linked to the operating cycle and trade transaction. AD banks may ensure that these instructions are strictly complied with.**
4. All other aspects of Trade Credit policy remain unchanged. Category-I AD banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully

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



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/133

July 11, 2013

A.P. (DIR Series) Circular No.10

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Refinancing / Rescheduling of ECB**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 112 dated April 20, 2012](#) relating to ECB.

2. On a review, it has been decided that the instructions contained in the above mentioned circular will continue to be applicable till September 30, 2013 and is subject to review thereafter.
3. All other aspects of ECB policy remain unchanged and AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

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



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/134
A.P. (DIR Series) Circular No.11

July 11, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Review of all-in-cost ceiling

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 99 dated March 30, 2012](#) and [A.P. \(DIR Series\) Circular No. 60 dated December 14, 2012](#) relating to ECB.

2. On a review, it has been decided that the all-in-cost ceiling as specified in A.P. (DIR Series) Circular No. 99 dated March 30, 2012 will continue to be applicable till September 30, 2013 and is subject to review thereafter.
3. All other aspects of ECB policy remain unchanged and AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager-in Charge



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

RBI/2013-14/137
A.P. (DIR Series) Circular No.12

July 15, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012](#), [A.P. \(DIR Series\) Circular No. 26 dated September 11, 2012](#) and [A.P.\(DIR\) Circular No.78 dated January 21, 2013](#) on the captioned scheme.

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

3. On a review, it has been decided to extend the benefit of USD 10 billion scheme to Indian companies in the aforesaid sectors which have established Joint Venture (JV) / Wholly Owned Subsidiary (WOS) / have acquired assets overseas in compliance with extant regulations under FEMA, 1999 subject to the conditions as under:

(a) ECB can be availed of for repayment of all term loans having average residual maturity of 5 years and above / credit facilities availed of by Indian companies from domestic banks for overseas investment in JV/WOS, in addition to 'Capital Expenditure';

(b) ECB can be availed of within the scheme based on the higher of 75 per cent of the average foreign exchange earnings realized during the past three financial years and / or 75 per cent of the assessment made about the average of foreign exchange earnings potential for the next three financial years of the Indian companies from the JV / WOS / assets abroad as certified by Statutory Auditors / Chartered Accountant / Certified Public Accountant / Category I Merchant Banker registered with SEBI / an Investment Banker outside India registered with the appropriate regulatory authority in the host country;

(c) ECB availed of under the scheme will have to be repaid out of forex earnings from the overseas JV / WOS / assets.

4. The past earnings in the form of dividend/repatriated profit/ other forex inflows like royalty, technical know-how, fee, etc from overseas JV/WOS/assets will be reckoned as foreign exchange earnings for the purpose of US\$ 10 billion scheme.

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

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

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

Yours faithfully

**Rudra Narayan Kar
Chief General Manager-in-Charge**



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

RBI/2013-14/145
A.P. (DIR Series) Circular No.13

July 17, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 35 million
to the Government of the Republic of Ghana**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated December 14, 2012 with the Government of the Republic of Ghana, for making available to the latter, a Line of Credit (LOC) of USD 35 million (USD Thirty-Five million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing a sugar plant project in the Republic of Ghana. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from June 27, 2013 and the date of execution of Agreement is December 14, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project

exports and 72 months (December 13, 2018) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/147
A.P. (DIR Series) Circular No.14

July 22, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 52 dated November 20, 2012](#) extending the enhanced period for realization and repatriation to India, of the amount representing the full value of goods or software exported, from six months to twelve months from the date of export up to March 31, 2013. Further, in terms of [A.P. \(DIR Series\) Circular No. 105 dated May 20, 2013](#) it was decided, in consultation with the Government of India to bring down the above stated realization period from twelve months to nine months from the date of export valid till September 30, 2013.

2. In this connection, it is clarified that as the realization and repatriation period stipulation in terms of A.P. (DIR Series) Circular No. 52 dated November 20,

2012 was valid till March 31, 2013 only, the time period for realization and repatriation of export proceeds from April 01, 2013 onwards till September 30, 2013, shall be reckoned as nine months from the date of export.

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

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

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

1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/148
A.P. (DIR Series) Circular No.15

July 22, 2013

To

All Scheduled Commercial Banks which are Authorised Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam / Sir,

Import of Gold by Nominated Banks /Agencies/Entities

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circulars No. 103, 107 and 122](#) dated May 13, June 04 and June 27, 2013 respectively on the captioned subject. As per these instructions, certain restrictions were imposed on the import of various forms of gold by nominated banks/nominated agencies/ premier or star trading houses/SEZ units/EoUs which have been permitted to import gold for use in the domestic sector. None of these restrictions was applicable to import of gold for the purpose of exports or to import of gold by units in SEZ exclusively for the purposes of exports.

2. Based on a review of the above instructions and in consultation with Government of India, it has been decided to rationalize the import of gold in any form/purity including import of gold coins/dore into the country. Accordingly, the following instructions are issued:

- a) It shall be incumbent on all nominated banks/nominated agencies to ensure that **at least one fifth** of every lot of import of gold (in any form/purity including import of gold coins/dore) is exclusively made available for the purpose of export. Such imports shall be linked to financing of exporters by the nominated agencies (i.e. average of last three years or any one year whichever is higher). Further, they shall make available gold in any form for domestic use only to entities engaged in jewellery business/bullion dealers supplying gold to jewellers.
- b) They will be required to retain 20 per cent of the imported quantity in the customs bonded warehouses.

- c) They are permitted to undertake fresh imports of gold only after the exports have taken place to the extent of at least 75 per cent of gold remaining in the customs bonded warehouse.
 - d) Any import of gold under any type of scheme, shall follow the 20/80 principle set out at (a) and (b) above. The extant instructions, as regards import of gold on consignment basis, LC restrictions etc. stand withdrawn.
 - e) A working example of the operation the scheme envisaged in terms the present instructions is given in the Annex.
3. Entities/units in the SEZ and EoUs, Premier and Star trading houses are permitted to import gold exclusively for the purpose of exports only.
4. AD Category I Banks are advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with the above instructions. Head Offices of nominated agencies / International Banking Divisions of banks would be responsible for monitoring operations of the revised scheme taking into account transactions put through different centres.
5. Government of India will be issuing separate instructions, if any, to the customs authorities/DGFT to operationalize and monitor these import restrictions.
6. The above instructions will come into force with immediate effect. Authorised dealers may please bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999), and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

**Rudra Narayan Kar
Chief General Manager-in-Charge**

Annex

An example of the working of the scheme:

1. Nominated agency ABC imports say 100 kg of gold in any form/purity.
2. Out of the above import of 100 kg, 20 kg gold held in the bonded warehouse can be got released in part or full to be sold to exporters of gold against undertaking to customs authorities as is the practice now.
3. Any further import of gold by ABC shall be permitted by the customs authorities only to the extent of actual export out of 20 kg of gold held in bonded warehouse. This can happen only after at least 15 kg of gold out of 20 kg is actually exported from the previous lot.
4. If ABC wants to place order for the second lot of import, only 75 kg of import (including 15 kg for exports) will be permitted which will again follow the procedure outlined above. At this stage, total gold with the bonded warehouse meant for the exporter will be $(5 + 15)$ i.e. 20 kg. Out of this at least 15 kg (i.e. 75% of the above 20 kgs) will have to be actually exported to enable ABC to import again. This procedure will be followed for every lot of import.
5. If for any reason, ABC is not able to channelize the gold held in bonded warehouse for exports, no further imports can be undertaken by ABC who will also arrange for re export of the gold in the bonded warehouse.

Related Press Release	
Jul 22, 2013	Revised Scheme for Import of Gold



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

RBI/2013-14/149
A.P. (DIR Series) Circular No.16

July 23, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 19 million
to the Government of the Republic of Senegal**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated December 19, 2012 with the Government of the Republic of Senegal, for making available to the latter, a Line of Credit (LOC) of USD 19 million (USD Nineteen million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing of Fisheries Development Project in Republic of Senegal. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from June 26, 2013 and the date of execution of Agreement is December 19, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (December 18, 2018) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/151
A.P. (DIR Series) Circular No.17

July 23, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Risk Management and Inter-Bank Dealings –
Reporting of Unhedged Foreign Currency Exposures of Corporates**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Section B paragraph 1(i)(h) and Section G Para (ii) of [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#) on “Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks” and C.O. Circular FE.CO.FMD. 7472/02.03.075 (Policy) /2012-13 dated October 5, 2012, in terms of which AD Category – I banks are required to submit a quarterly statement in prescribed format (Annex V), on foreign currency exposures and hedges undertaken by corporates based on bank’s books.

2. It has now been decided that AD Category – I banks should submit the above quarterly report as per the revised format **online only** from quarter ended September 2013 through the Extensible Business Reporting Language (XBRL) system which may be accessed at <https://secweb.rbi.org.in/orfsxbrl/>. AD Category – I banks which require login ID / passwords for accessing XBRL system may submit their e-mail addresses and contact numbers to [email ids](#). In

case of system related issues, banks may call on 022-22610640 (D) and 022-22601000 Extn. 2529 or [mail](#).

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

Yours faithfully

Rudra Narayan Kar
Chief General Manager-in-Charge



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

RBI/2013-14/169
A.P. (DIR Series) Circular No. 18

August 1, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Risk Management and Inter-bank Dealings

Attention of Authorised Dealers Category – I (AD Category I) banks is invited to [AP \(DIR\) Circular No. 121 dated June 26, 2013](#) wherein it was clarified that if an FII wishes to hedge the Rupee exposure of one of its sub-account holders, it should be done on the basis of a mandate from the sub-account holder for the purpose and that the AD bank should verify the same along with the eligibility of the contract vis-a-vis the market value of the securities held in the concerned sub-account.

2. In this context, the Reserve Bank has been receiving enquiries as to the applicability of the clarifications issued in the aforesaid circular to Participatory Notes(PN) /Overseas Derivative Instruments(ODI) issued by the FIIs. It is therefore clarified that if an FII wishes to enter into a hedge contract for the exposure relating to that part of the securities held by it against which it has issued any PN/ODI, it must have a mandate from the PN/ODI holder for the purpose. Further, while AD Category bank is expected to verify such mandates, in cases where this is rendered difficult, they may obtain a declaration from the FII regarding the nature/structure of the PN/ODI establishing the need for a hedge operation and that such operations are being undertaken against specific mandates obtained from their clients.

3. AD category banks may bring the content of this circular to the notice of their constituents.

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

Yours faithfully,

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



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

RBI/2013-14/173
A.P. (DIR Series) Circular No. 19

August 7, 2013

To,

All Banks Authorised to deal in Foreign Exchange

Madam / Sir,

**Non-Resident Deposits - Comprehensive Single Return (NRD-CSR):
Submission under XBRL**

Attention of banks maintaining Non-Resident Deposits (NRD) Accounts is invited to [A.P. \(DIR Series\) Circular No.55 dated May 9, 2007](#) on NRD-CSR software package being used by the banks for submission of detailed monthly data on non-resident deposits to the Reserve Bank.

2. It has been decided to move the NRD-CSR reporting to *eXtensible Business Reporting Language (XBRL)* platform to provide validations for processing requirement in respect of existing NRD schemes, improve data quality, enhance the security-level in data submission, and enable banks to use various features of XBRL-based data submission, and tracking. The existing formats of NRD-CSR have also been rationalised for reporting bank-wise consolidated data under XBRL. This would replace the existing system where banks generate the NRD-CSR DAT file from RBI-provided software and submit NRD data through e-mail attachment to our Department of Statistics and Information Management (DSIM), Central Office (CO), on monthly basis.

3. The revised NRD-CSR format, maturity codes, record types and the validations checks are provided in the Annex. For monthly NRD-CSR submission on XBRL platform by nodal office of banks, the Reserve Bank has provided the following two alternatives:

- i. Banks can download the RBI's NRD-CSR template by logging to the RBI's OnlineReporting web-page (<http://orfs.rbi.org.in>) (Path: *Homepage* → *XBRL-based filing* → *(enter user name / password)* → *Download Returns Package* → *Form NRD-CSR*) and use the same to generate instance document (.xml file) after entering details. The instance document can be

uploaded on RBI's XBRL page. The Reserve Bank (DSIM, CO) will provide User name and Password to all banks for NRD-CSR for this purpose.

ii. Banks can use any publically available XBRL tool in relation with their internal database and build NRD-CSR discipline prescribed by RBI, for generation of instance document (.xml file) and upload the same on RBI's XBRL page.

In addition, banks can also generate instance document in the prescribed format from their internal system, if it provides such flexibility.

4. It has been decided to switch-over to the XBRL-based NRD-CSR reporting from October 2013. Accordingly, banks are required to capture the NRD-CSR data for XBRL submission from October 1, 2013 ("Go-Live" date). It has been also decided to retain the current prescription of NRD-CSR reporting on or before 10th of the month following the month to which the NRD data pertains. As such, banks may submit the XBRL-compliant NRD-CSR data for October 2013 on or before November 10, 2013. The current email-based reporting of NRD-CSR data would continue for reporting NRD data up to September 2013. The Reserve Bank would not provide any support towards the usage of legacy NRD-CSR software (v3.0) after the "Go-Live" date.

5. To facilitate testing of the bank's NRD-CSR data in the XBRL-based NRD-CSR reporting, the Reserve Bank has enabled a test environment (<https://125.18.33.234/orfsxbrl/customer/index.jsp>) for use by reporting banks before "Go-Live". Banks can also download the *NRD-CSR Returns Package (login with user_name / password → Download Returns Package → Form NRD-CSR)*. From "Help" menu of this test-site, banks can also download the *Manual on XBRL-based Submission* which indicates the processes for creation of bank-checker/bank-maker by bank-superuser with respective user_name and password, and provides other information required for the reporting system.

6. Reporting banks would be shortly receiving user_name and password along with bank_code for login to the test-site in their respective email-ids, through which they submit NRD-CSR data to RBI (DSIM,CO) under the existing system. In case of any change/difficulties, concerned banks may send a request to the [email](#) for assistance.

7. Further, the Reserve Bank would also provide training on "NRD-CSR submission under XBRL" to the officers/software personnel of the reporting banks before "Go-Live". Separate communication is being sent to reporting banks for this

purpose. For any assistance during testing or live periods, banks may contact XBRL helpdesk ('Contact us' menu in the homepage of the test-site before the "Go-Live" date and on the ORFS site subsequently).

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,

(C.D.Srinivasan)
Chief General Manager

**Non-Resident Deposits - Comprehensive Single Return:
Format for XBRL-based reporting system**

1. Format of NRD-CSR

No	Column Description	Type	Position	Remarks
1.	Bank Code	7 N	1 to 7	Bank Working Code for XBRL (given by RBI) followed by zeros
2.	Reporting period [of Stock & flows]	6 N	8 to 13	Month to which NRD data pertains (YYYYMM format)
3.	Deposit_Scheme code	4 A	14 to 17	As per Code Box 1
4.	Account Type	1 A	18	F for Fixed; R for Recurring; S for Savings; C for Current A/c
5.	Original Maturity	1 N	19	As per Code Box 2
6.	Remaining Maturity	1 N	20	As per Code Box 2
7.	Country (SWIFT code)	2 A	21 to 22	SWIFT Country code
8.	A/c Currency (SWIFT code)	3 A	23 to 25	SWIFT Currency code
9.	Record_Type Code	2 A	26 to 27	As per Code Box 3
10.	Record - Amount	15 N	28 to 42	Amount (in currency of account) without decimal point

N – Numeric; A – Alpha-numeric

2. Details of codes to be used in the NRD-CSR

Code Box-1: Deposit_Scheme Code		
Sr. No.	Account under the Scheme	Scheme Code
1.	Foreign Currency Non-Resident (FCNR) A/c	FCNR
2.	Non-Resident External (NRE) Rupee Account	NRER
3.	Non-Resident Ordinary (NRO) Rupee Account	NROR

Code Box-2: Maturity Code		
Sr. No.	Maturity Classification	Maturity Code
1.	Up to and inclusive of six months	1
2.	Over six months but up to and inclusive of one year	2
3.	Over one year but up to and inclusive of two years	3
4.	Over two years but up to and inclusive of three years	4
5.	Over three years	5
6.	Unallocated (Savings/Current/Unclaimed Accounts)	6

The residual maturity cannot be determined for Savings/Current/Unclaimed Deposit Accounts. The residual maturity for such cases, should be “unallocated” (Code 6).

Currency Code (SWIFT Code)
USD, GBP, EUR, JPY, AUD, CAD and other freely convertible currencies are permitted for FCNR(B)

Code Box-3: Record_Type Code			
No.	Record Type	Description of data item on the record	Code
1.	Inflows	Fresh inflow from abroad (total)	FI
2.		Amount of interest reinvested	IR
3.		Amount renewed / transfer from other A/c	PR
4.		Local inflow (for NRO Savings A/c)	LI
5.	Outflows	Amount of principal remitted abroad (total)	PA
6.		Amount of interest remitted abroad (total)	IA
7.		Amount of principal remitted locally	PL
8.		Amount of interest remitted locally	IL
9.		Local withdrawals (gifts, tax, donations etc.)	LW
10.		Transfers to other A/c including renewals	TR
11.	Balance S	Opening Balance, including unclaimed	OB
12.		Closing Balance, including unclaimed	CB
13.		Unclaimed Balance	UC
14.		Interest Accrued as on end of Reference Month	AI
15.		Interest Suspense Balance (Interest Arrears)	SB

3. Validations

Sl. No.	Validations	Type * (Fatal (F) / Non-Fatal (N))
1	Total length of the file should not go beyond 42.	F
2	Bank Code, N.R. D. Scheme code, Account Type, Country (SWIFT code), A/c Currency (SWIFT code) and Record - type Code will be validated with their respective code box / master.	F
2	“Original Maturity” can’t be less than “Residual Maturity”	F
4	Record type can’t have negative value.	F
5	For FCNR (B) scheme any freely convertible currencies (except INR) can be selected.	F
6	For NRE and NRO scheme only INR can be selected.	F
7	For FCNR (B) scheme, the valid Record types are FI, IR, PR, PA, IA, HI, PL, IL, TR and OB,CB,UC,AI,SB.	F
8	For NRE scheme the valid Record types are FI, IR, PR, PA, IA, PL, IL, LW, TR and OB,CB,UC,AI,SB.	F
9	For NRO scheme the valid Record types are FI, IR, PR, LI, PA, IA, PL, IL, LW, TR and OB,CB,UC,AI,SB.	F
10	For FCNR (B) scheme the following consistency check shall be provided for each currency: CB = OB + INFLOWS (FI+IR+PR) - OUTFLOWS (PA+PL+TR)	N
11	For NRE scheme the following consistency check shall be provided: CB = OB + INFLOWS(FI+IR+PR) - OUTFLOWS (PA+PL+TR+LW)	N
12	For NRO scheme the following consistency check shall be provided: CB=OB + INFLOWS(FI+IR+PR+LI) - OUTFLOWS (PA+PL+TR+LW)	N
13	For FCNR and NRE scheme, “Original Maturity” for term deposit cannot have “Maturity Code” value ‘1’ [code box 2]	F

***Note:** For any ‘fatal error’, system shall completely reject the file and record and for ‘non-fatal error’, the system shall accept the record / file and process. However, in both the cases errors will be thrown by the system for correction and submission of revised data.



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

RBI/2013-14/176
A.P. (DIR Series) Circular No. 20

August 12, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealers (ADs) and their constituents is invited to paragraph 7.2 of [A.P. \(DIR Series\) Circular No. 56 dated June 28, 2010](#) wherein they were advised to ensure that the applications for compounding are submitted only after the transactions are complete and all the requisite approvals are in place. Of late, we have been receiving a number of applications for compounding of contraventions of FEMA, 1999 which are submitted without obtaining proper approvals or permission from the concerned authorities leading to avoidable correspondence with the applicants and also return of applications. In case the application has to be returned for this reason or any other reason, the application fees of Rs.5000/- received along with the application fees is also returned.

2. To expedite the refund of compounding fees in such cases, it has been decided to credit the same to the applicant's account through NEFT. The applicants are advised to furnish their mandate and details of their bank account as per ANNEX along with the application in the prescribed format and other documents required to be submitted in terms of the instructions contained in A.P. (DIR Series)Circular Nos. 56 and 57 dated June 28, 2010 and December 13, 2011 respectively.

3. Further, the Annexes relating to Foreign Direct Investment, External Commercial Borrowings, Overseas Direct Investment and Branch Office / Liaison Office, as given in [A.P.\(Dir Series\) Circular No.57 dated December 13, 2011](#), have also been modified to include the details of income-tax PAN and the activity as

per NIC codes – 1987. It may please be noted that the application will be treated as incomplete without these details.

4. The applicants may also note to bring to the notice of the compounding authority change, if any, in the address/contact details of the applicant during the pendency of the compounding application with Reserve Bank.
5. Authorised Dealers 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).

Yours faithfully,

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

ELECTRONIC CLEARING SERVICE (ECS)

MANDATE FORM

1. Name of the Party (Beneficiary) -

2. Particulars of the Bank Account -

A. Name of the Bank

B. Name of the Branch -

Address:

Telephone No:

C. 9 Digit MICR Code Number:
(as appearing on the cheque issued by the Bank)

D. IFSC Code

E. Type of Account : SAVINGS / CURRENT

F. Account No. :
(as appearing on the cheque book issued by the Bank)

(Please attaché photocopy of a blank cheque for verification of the bank account details)

I/We hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I/We would not hold the user institution responsible.

Signature of the Authorised Signatory
(Name of the Authorised

Date :
Signatory)

Place :

Official Stamp

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

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Income-tax PAN
- ❖ Nature of activities undertaken (Please give NIC code – 1987)
- ❖ Brief particulars about the foreign investor
- ❖ Details of foreign inward remittances received by Applicant Company from date of incorporation till date

Table A

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

* date of reporting to RBI and not AD

Table B

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

* date of reporting to RBI and not AD

Table C

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

Table D

Authorised Capital

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

A= B+C

Please give supporting documents

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

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

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

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

Details to be furnished along with application for compounding of contravention relating to External Commercial Borrowing

- ❖ Name of the applicant
 - ❖ Date of incorporation
 - ❖ Income-tax PAN
 - ❖ Nature of activities under taken (Please give NIC code – 1987)
 - ❖ Brief particulars about the foreign lender
 - ❖ Is the applicant an eligible borrower?
 - ❖ Is the lender eligible lender?
 - ❖ Is the lender an equity holder?
 - ❖ What is the level of his holding at the time of loan agreement?
 - ❖ Details of ECB
 - ❖ Date of Loan agreement
 - ❖ Amount in Foreign Currency and Indian Rupee
 - ❖ Rate of interest
 - ❖ Period of loan
 - ❖ Repayment particulars
 - ❖ Details of draw down
- | | | |
|-------------------|----------------------------|---------------|
| Date of draw down | Amount in Foreign Currency | Amount in INR |
|-------------------|----------------------------|---------------|

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

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

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Income-tax PAN
- ❖ Nature of activities under taken (Please give NIC code – 1987)
- ❖ Name of Overseas entity
- ❖ Date of incorporation of overseas entity
- ❖ Nature of activities under taken by overseas entity
- ❖ Nature of entity- WOS/JV
- ❖ Details of remittance sent- Date of remittance; Amount in FCY and in INR
- ❖ Details of other financial Commitment
- ❖ Details of UIN applied and received
- ❖ Date of receipt of share certificate
- ❖ Approval of other regulators if required
- ❖ Details of APRs submitted: For the period ended; date of submission
- ❖ Nature of contravention and reasons for the contravention
- ❖ All supporting documents may be submitted

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

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Income-tax PAN
- ❖ Nature of activities under taken (Please give NIC code – 1987)
- ❖ Date of approval for opening of Liaison Office/ Branch Office
- ❖ Validity period of the approval
- ❖ Income and expenditure of the LO/BO
- ❖ Dates of submission of Annual activity Certificates
- ❖ Nature of contravention and reasons for the contravention
- ❖ All supporting documents may be submitted



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

RBI/2013-14/177
A.P. (DIR Series) Circular No. 21

August 12, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 28.60 million
to the Republic of Zimbabwe**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated June 21, 2013 with the Republic of Zimbabwe, for making available to the latter, a Line of Credit (LOC) of USD 28.60 million (USD Twenty- eight million six hundred thousand only) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing upgradation of Deka Pumping Station and River Water Intake System in Zimbabwe. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from July 25, 2013 and the date of execution of Agreement is June 21, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (June 20, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14 /178
A.P. (DIR Series) Circular No. 22

August 12, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 300 million to the
Government of the Federal Democratic Republic of Ethiopia**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated June 13, 2013 with the Government of the Federal Democratic Republic of Ethiopia, for making available to the latter, a Line of Credit (LOC) of USD 300 million (USD Three hundred million only) for financing eligible goods, including machinery and equipment and services(including preparation of the Detailed Project Report) including consultancy services from India for the purpose of financing new Ethio-Djibouti Railway Line [the Asaita- Tadjourah portion] Project in Republic of Ethiopia/ Republic of Djibouti. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from July 15, 2013 and the date of execution of Agreement is June 13, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (June 12, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in/.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/180

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

August 14, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [Notification No. FEMA.120/RB-2004 dated July 7, 2004](#), [Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004], as amended from time to time (the Notification) and the [A.P. \(DIR Series\) Circular No. 11 dated September 26, 2007; A.P. \(DIR Series\) Circular No. 48 dated June 3, 2008](#) and [A.P. \(DIR Series\) Circular No. 99 dated April 23, 2013](#). On a review, it has been decided to rationalize the regulations governing the overseas direct investments with immediate effect as under:

2. Reduction of limit for Overseas Direct Investment

In terms of the extant provisions under the Foreign Exchange Management Act, 1999 (FEMA, 1999) on overseas direct investments, the total overseas direct investment (ODI) of an Indian Party in all its Joint Ventures (JVs) and / or Wholly Owned Subsidiaries (WOSs) abroad engaged in any bonafide business activity should not exceed 400 per cent of the net worth of the Indian Party as on the date of the last audited balance sheet under the Automatic Route.

It has now been decided:

- a) To reduce the existing limit of 400 per cent of the net worth of the Indian Party to 100 per cent of its net worth under the Automatic Route. Accordingly, AD Category - I banks may allow overseas direct investments under the Automatic Route up to 100 per cent of the net worth of the Indian party, as on the date of the last audited balance sheet;
 - b) To reduce the existing limit of 400 per cent of the net worth of the Indian company, investing in the overseas unincorporated entities in the energy and natural resources sectors, under the automatic route, to 100 per cent of the net worth of the Indian company investing in the overseas unincorporated entities in the energy and natural resources sectors, as on the date of last audited balance sheet; and
 - c) Any ODI in excess of 100% of the net worth shall be considered under the Approval Route by the Reserve Bank of India.
3. In respect of the Navaratna Public Sector Undertakings (PSUs), ONGC Videsh Limited (OVL) and Oil India Ltd (OIL), the extant provision for investing in overseas unincorporated entities and the overseas incorporated entities in the oil sector (i.e., for exploration and drilling for oil and natural gas, etc.), which are duly approved by the Government of India, without any limits under the automatic route, would however continue as hitherto.
4. The above provisions shall come into effect with immediate effect and would apply to all fresh Overseas Direct Investment proposals on a prospective basis but would not apply to the existing JV/WOS set up under the extant regulations.
5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. Necessary amendments to the Notification No. FEMA.120/2004-RB dated July 7, 2004, [Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations 2004] are being notified separately.

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

Yours faithfully,

(C.D. Srinivasan)
Chief General Manager

Related Press Release/Notification	
Aug 14, 2013	<u>RBI announces measures to rationalise Foreign Exchange Outflows by Resident Indians</u>
Aug 14, 2013	<u>Liberalised Remittance Scheme for Resident Individuals- Reduction of limit from USD 200,000 to USD 75,000</u>



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

RBI/2013-14/181

A. P. (DIR Series) Circular No.24

August 14, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Liberalised Remittance Scheme for Resident Individuals- Reduction of limit from USD 200,000 to USD 75,000

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the guidelines regarding the Liberalised Remittance Scheme (LRS) for Resident Individuals (the Scheme).

2. On a review of the scheme, it has now been decided to reduce the existing limit of USD 200,000 per financial year to USD 75,000 per financial year (April - March) with immediate effect. Accordingly, AD Category – I banks may now allow remittance up to USD 75,000 per financial year, under the scheme, for any permitted current or capital account transaction or a combination of both. Further, the following changes / clarifications in regard to the remittances under LRS will come into effect immediately :

(i). The scheme should no longer be used for acquisition of immovable property, directly or indirectly, outside India. Therefore, AD Category-I banks may henceforth not allow any remittances under the LRS Scheme for acquisition of immovable property outside India.

(ii). The scheme should not be used for making remittances for any prohibited or illegal activities such as margin trading, lottery etc., as hitherto.

(iii). Resident individuals have now been allowed to set up Joint Ventures (JV) / Wholly Owned Subsidiaries (WOS) outside India for bonafide business activities outside India within the limit of USD 75,000 with effect from August 5, 2013 and

subject to the terms and conditions stipulated in [Notification No.FEMA 263/RB-2013 dated August 5, 2013](#).

3. Further, the limit for gift in Rupees by Resident Individuals to NRI close relatives and loans in Rupees by resident individuals to NRI close relatives in terms of [A.P. \(DIR Series\) Circular No.17](#) and [18](#) both dated September 16, 2011 shall accordingly stand modified to USD 75,000 per financial year.

4. All other terms and conditions mentioned in [A. P. \(DIR Series\) Circular No. 64 dated February 4, 2004](#), [A. P. \(DIR Series\) Circular No. 24 dated December 20, 2006](#), [A. P. \(DIR Series\) Circular No. 51 dated May 8, 2007](#), [A.P. \(DIR Series\) Circular No.36 dated April 4, 2008](#), [A.P. \(DIR Series\) Circular No.17 and 18](#) both dated September 16, 2011 and [A.P.\(DIR Series\) Circular No. 106 dated May 23, 2013](#) shall remain unchanged.

5. Necessary amendments to the [Notification No. FEMA.1/2000-RB dated May 3, 2000](#), [Foreign Exchange Management (Permissible Capital Account Transactions) Regulations 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 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,

(C.D. Srinivasan)
Chief General Manager

Related Press Release/Notification	
Aug 14, 2013	RBI announces measures to rationalise Foreign Exchange Outflows by Resident Indians
Aug 14, 2013	Overseas Direct Investments



RBI/2013-14/187

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

August 14, 2013

To,

All Category - I Authorised Dealer Banks

All Scheduled Commercial Banks which are Authorised Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam / Sir,

Import of Gold by Nominated Banks /Agencies/Entities

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 15 dated July 22, 2013](#) on the captioned subject. As per these instructions, certain restrictions were imposed on the import of various forms of gold by nominated banks/nominated agencies/ premier or star trading houses/SEZ units/EoUs which have been permitted to import gold for use in the domestic sector.

2. Government of India and the Reserve Bank of India have been receiving several requests for clarifications on the operational aspects of the scheme of imports put in place in terms of the above circular. There have also been representations to change certain aspects of the scheme. Taking into account all these representations and in consultation with the Government of India, it has been decided to issue the following clarifications/modifications in supersession of all the earlier instructions:

- a) Import of gold in the form of coins and medallions is now prohibited.
- b) It shall be incumbent on all nominated banks/nominated agencies and other entities to ensure that at least one fifth, i.e., 20%, of every lot of import of gold imported to the country is exclusively made available for the purpose of exports and the balance for domestic use. A working example of the operations of the 20/80 scheme envisaged in terms of the present instructions is given in the Annex. This shall be monitored by customs authorities, and will be implemented port-wise only.
- c) Further, nominated banks/ nominated agencies and other entities shall make available gold for domestic use only to the entities engaged in jewellery business/bullion dealers and to banks authorised to administer the Gold Deposit Scheme against full upfront payment. In other words, supply of gold in any form

to the domestic users other than against full payment upfront shall not be permitted.

d) The nominated banks/agencies/refineries and other entities shall ensure that there is no front loading of imports, particularly in the first and second lots of imports. Such imports shall be linked to normal quantities of gold supplied to the exporters by the nominated banks/agencies and shall not exceed the highest quantity supplied during any one year out of last three years. The quantity thus arrived at, however, will not be imported in one or two lots only. As a thumb rule, imports of more than maximum of two months of requirements of the exporters in a lot would be considered unusual. Illustratively, if the gold supplied to exporters by a bank during the last three years is say, 30 tonnes, 40 tonnes and 60 tonnes respectively, imports in terms of this circular shall be based on highest of three i.e. 60 tonnes. Further, import of 50 tonnes(two months export of 10 tonnes for exports and 4 times the amount for domestic use, totalling 50 tonnes) will be considered unusual. In case of nominated banks not having a previous record of having supplied gold to the exporters they would need to seek prior approval from RBI before placing orders for import of gold for the first lot under the 20/80 scheme.

e) The 20/80 principle would also apply for the henceforth import of gold in any form/purity including gold dore, whereby 20 per cent of the gold imported shall be provided to the exporters. This will be administered and monitored at the refinery level for each consignment at the time of such imports. This will also be monitored by the customs authorities. The refinery shall make available for domestic use only to the entities engaged in jewellery business/bullion dealers and to the banks authorised to administer the Gold Deposit Scheme against full upfront payment and sale of gold against any other form of payment shall not be permitted. Further, the import of gold dore is permitted only against a licence issued by DGFT.

(Note: Gold made available by a nominated agency to units in the SEZ and EoUs, Premier and Star trading houses shall not qualify as supply of gold to the exporters, for the purpose of this Scheme)

f) Any authorisation such as Advance Authorisation/Duty Free Import Authorization (DFIA) is to be utilised for import of gold meant for export purposes only and no diversion for domestic use shall be permitted.

3. Notwithstanding any of the foregoing directions, entities/units in the SEZ and EoUs, Premier and Star trading houses (irrespective of whether they are nominated agencies or not) are permitted to import gold exclusively for the purpose of exports only.

4. AD Category I banks are advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with the above instructions. Head Offices of nominated agencies / International Banking Divisions of banks would be responsible for monitoring operations of the revised scheme taking into account

transactions put through different centres. In respect of gold released for the purpose of exports, AD Category I banks will also put in place a special mechanism to monitor realization of export proceeds as per the extant regulations and any contraventions/unusual developments in this regard should be reported forthwith to the concerned Regional Office of the Reserve Bank of India.

5. Government of India will be issuing separate instructions, if any, to the customs authorities/DGFT to operationalise and monitor the above requirements for import of gold.

6. The above instructions will come into force with immediate effect. Authorised dealers may please bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully

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

Annex

Working example of the operations of 20/80 scheme for import of gold

1. A nominated bank/agency/ any other entity ABC imports say 100 kg of gold, which shall be routed through custom bonded warehouses only. If considered necessary, the lot can be procured through two invoices – one for exporters (i.e.20%) and the other one for domestic users (80%).
2. Out of the above import of 100 kg, 20 kg gold held in the bonded warehouse can be got released in part or full to be made available to the exporters of gold against undertaking to customs authorities as is the practice now.
3. The balance 80 kg can be supplied in part or full to domestic entities engaged in jewellery business/bullion traders/banks operating the Gold Deposit Scheme against full upfront payment. In other words, no credit sale of gold in any form will be permitted for domestic use. In case, the nominated bank itself is operating the Gold Deposit Scheme, the bank is permitted to use out of 80 kg, a portion for regularising own open position in gold arising out of operations of the Gold Deposit Scheme.
4. Next lot of import of gold by ABC shall be permitted by the customs authorities only after the quantity earmarked for exporter clients (i.e. 20 per cent of the imported lot) is released to the exporters against their undertaking to fulfill the export commitments within the stipulated time.
5. The quantum of gold permitted to be imported in the third lot will be restricted to 5 times the quantum for which proof of export is submitted. For import of gold in the subsequent lots, the cycle may be repeated following the 20/80 principle.

Note: The same procedure is to be followed by the refineries and by any other entity importing gold in any other form/ purity and in the case of import of Gold Dore also.



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

RBI/2013-14/188
A.P. (DIR Series) Circular No.26

August 14, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.05 dated July 08, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.80.972091 effective from June 25, 2013.

2. AD Category-I banks are advised that a further revision has taken place on August 06, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.83.45023 with effect from August 12, 2013.

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

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

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



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

RBI/2013-14/189
A.P. (DIR Series) Circular No.27

August 16, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 41.60 million
to the Government of the Union of Comoros**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated February 22, 2013 with the Government of the Union of Comoros, for making available to the latter, a Line of Credit (LOC) of USD 41.60 million (USD Forty one million and six hundred thousand only) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing the installation of an 18 MW power project in Moroni, the capital city of Comoros. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from July 23, 2013 and the date of execution of Agreement is February 22, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (February 21, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

**(C. D. Srinivasan)
Chief General Manager**



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

**RBI/2013-14/191
A.P. (DIR Series) Circular No.28**

August 19, 2013

To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

Foreign Investments in Asset Reconstruction Companies (ARC)

Attention of Authorized Dealers is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank of India vide [Notification No.20 dated 3rd May 2000](#) as amended from time to time and [A.P.\(DIR Series\) Circular N0.16 dated November 11, 2005](#).

2. In terms of the aforesaid circular :

(a) Foreign Direct Investment (FDI) upto 49% in the equity capital of Asset Reconstruction Companies (ARCs) was permitted subject to certain conditions. However, investment by Foreign Institutional Investors (FIIs) in the equity capital of ARCs was not permitted; and

(b) general permission was granted to Foreign Institutional Investors (FIIs) to invest in Security Receipts (SRs) upto 49 per cent of each tranche of scheme of Security Receipts subject to condition that investment of a single FII in each tranche of scheme of SRs shall not exceed 10 per cent of the issue.

3. A review of the policy was undertaken and it has been decided as under:

- i. The ceiling for FDI in ARCs has been increased from 49% to 74% subject to the condition that no sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs would need to comply with the FDI policy in terms of entry route conditionality and sectoral caps.

- ii. The foreign investment limit of 74% in ARC would be a combined limit of FDI and FII. Hence, the prohibition on investment by FII in ARCs will be removed. The total shareholding of an individual FII shall not exceed 10% of the total paid-up capital.
 - iii. The limit of FII investment in SRs may be enhanced from 49% to 74% of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies. Further, the individual limit of 10% for investment of a single FII in each tranche of SRs issued by ARCs may be dispensed with. Such investment should be within the FII limit on corporate bonds prescribed from time to time, and sectoral caps under the extant FDI Regulations should be complied with.
4. A copy of Press Release dated December 21, 2012 issued in this regard by Department of Financial Services, Ministry of Finance Government of India is as per Annex.
5. Reserve Bank of India has since amended the Regulations and notified vide [Notification No. FEMA.254/2013-RB dated January 07, 2013](#) vide G.S.R.No.344(E) dated May 29, 2013.
6. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

**(Rudra Narayan Kar)
Chief General Manager-in-Charge**

[ANNEX TO A.P.(DIR SERIES)
CIRCULAR NO.28 OF 19.08.2013]

F.No.44/17/2004-BO.II
Government of India
Ministry of Finance
Department of Financial Services

Jeevan Deep Building, 3rd Floor
10, Parliament Street, New Delhi-110 001
Dated the 21st December, 2012

PRESS RELEASE

**REVIEW OF FOREIGN INVESTMENT POLICY FOR
ASSETS RECONSTRUCTION SECTOR***

Government had permitted Foreign Direct Investment (FDI) in the equity capital of Asset Reconstruction Company (ARCs) upto 49% vide Press Release dated 08.11.2005. Further, on 09.11.2005, the Government permitted the Foreign Institutional Investors (FIIs) registered with the Securities and Exchange Board of India (SEBI) to invest in Security Receipts (SRs) issued by ARCs upto 49% of each tranche of scheme of SRs. The ceilings of FDI and FII have been reviewed in consultation with the stakeholders and the sector regulators. Accordingly, the Government has decided that –

- i. The ceiling for FDI in ARCs has been increased from 49% to 74% subject to the condition that no sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing through an FII. The foreign investment in ARCs would need to comply with the FDI policy in terms of entry route conditionality and sectoral caps.
- ii. The foreign investment limit of 74% in ARC would be a combined limit of FDI and FII. Hence, the prohibition on investment by FII in ARCs will be removed. The total shareholding of an individual FII shall not exceed 10% of the total paid-up capital.
- iii. The limit of FII investment in SRs may be enhanced from 49% to 74%. Further, the individual limit of 10% for investment of a single FII in each tranche of SRs issued by ARCs may be dispensed with. Such investment should be within the

FII limit on corporate bonds prescribed from time to time, and sectoral caps under the extant FDI Regulations should be complied with.

2. The necessary notification / circular under FEMA are being brought out separately by the Reserve Bank of India.

3. The necessary notification under SEBI (FII) Regulations is being brought out separately by the Securities and Exchange Board of India.

Sd/-
21-12-2012
(Alok Nigam)

Joint Secretary to the Government of India

Copy forwarded to the Press Information Officer, Press Information Bureau for giving wide publicity to the above Press Release.

***Companies registered / to be registered with RBI as Securitization Companies / Reconstructions Companies under the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) for the purpose of carrying on / commencing the business of asset reconstruction.**



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

RBI/2013-14/192

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

August 20, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Investments by Non-resident Indians (NRIs)
under Portfolio Investment Scheme (PIS)
Liberalisation of Policy**

Attention of Authorised Dealers Category-I (AD Category - I) banks is invited to Schedule 3 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) (hereinafter referred to as Notification No. FEMA 20), as amended from time to time in terms of which, NRIs can invest under PIS on repatriation and/or non-repatriation basis in shares and convertible debentures of listed Indian companies on a recognized stock exchange in India through a registered stock broker. Further, NRIs may purchase and sell shares/convertible debentures under the PIS through a branch designated by an Authorised Dealer for the purpose and duly approved by the Reserve Bank of India.

2. As a measure of further liberalisation, it has been decided to

- i) allot Unique Code number only to Link office of the AD Category - I bank; and
- ii) dispense with the allotment of Unique Code number to each branch designated by that AD Category - I bank administering the Scheme. Accordingly, henceforth in accordance with the policy approved by the Board, AD Category - I bank shall be free to permit its branches to administer the Portfolio Investment Scheme for NRIs subject to the following:

- a) the AD Category - I bank while granting permission to NRI for investment under PIS shall allow them to operate the scheme as per the terms and conditions are as Annex-A;
- b) the designated link office shall continue to report on a daily basis PIS transactions undertaken on behalf of NRIs for their entire bank to the Reserve Bank under the Online Report Filing System (ORFS) in form LEC (NRI) as per present practice in vogue web site (<https://secweb.rbi.org.in/ORFSMainWeb/Login.jsp>);
- c) the AD Category - I bank shall provide to the Reserve Bank the complete contact details of such link office in advance before commencing operations;
- d) the AD Category - I bank shall sensitise the branches administering the Scheme to ensure that NRIs are not allowed to invest in any Indian company which is engaged or proposes to engage in the business of chit fund, Nidhi company, agricultural or plantation activities, real estate business (does not include development of townships, construction of residential / commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships), construction of farm houses, manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes and trading in Transferable Development Rights (TDRs) and in sectors/activities as specified in terms of [Notification No. FEMA.1/2000-RB dated May 3, 2000](#), as amended from time to time; and
- e) ensure compliance with instructions issued through A.D.(M.A. Series) Circulars, EC.CO.FID circulars annexed as Annex-B and the regulatory requirements under FEMA, 1999. It may be noted that Overseas Corporate Bodies(OCBs) have been derecognized as an eligible 'class of investor' under various routes/scheme available under the extant Foreign Exchange Management Regulations in terms of the Foreign Exchange Management [withdrawal of General Permission to Overseas Corporate Bodies(OCBs)] Regulations, 2003 notified vide [Notification No. FEMA.101/2003-RB dated October 3, 2003](#).

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

4. Reserve Bank has since amended the Regulations and notified vide [Notification No. FEMA.261/2013-RB dated February 27, 2013](#) vide G.S.R. 515(E) dated July 30, 2013.

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

Yours faithfully,

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

**Salient features of Portfolio Investment Scheme (PIS)
for investments by a Non Resident Indian (NRI)**

- a) An NRI intending to buy and sell shares / convertible debentures of an Indian company through a registered broker on a recognized stock exchange in India will apply in prescribed form to the designated branch of AD bank for participating in the Scheme on repatriation and / or non-repatriation basis.
- b) While applying, the NRI should also undertake that
 - i) the particulars furnished are true and correct;
 - ii) he has no dealing with/ he will not deal with any other designated branch/bank under PIS;
 - iii) he will ensure that total holding in shares / convertible debentures, both on repatriation and non-repatriation basis in any one Indian company at no time shall exceed 5 per cent of the paid up capital/ paid up value of each series of convertible debentures of that company.
- c) The designated branch of the AD bank will grant one time permission to the NRI applicant for purchase and sale of shares / convertible debentures of an Indian company. Two distinct permission letters (for repatriation basis and non-repatriation basis) shall be issued as per the prescribed format.
- d) Designated branch shall open a separate sub account of NRE/NRO account (opened and maintained by an NRI in terms of the Foreign Exchange Management (Deposit) Regulations, 2000) for the exclusive purpose of routing the transactions under PIS on behalf of an NRI. NRE(PIS) account for investment made by the NRI on repatriation basis and NRO(PIS) account for investment made on non-repatriation basis under the Scheme. The designated branch shall ensure that amounts due to sale proceeds of shares / convertible debentures which have been acquired by modes other than PIS, such as underlying shares acquired on conversion of ADRs/GDRs, shares/ convertible debentures acquired under FDI Scheme, shares/ convertible debentures purchased outside India from other NRIs, shares/ convertible debentures acquired under private arrangement from residents / non-residents, shares/ convertible debentures purchased while resident in India, do not get credited/debited in the accounts opened exclusively for routing the PIS transactions.

- e) The permissible credits and debits in the NRE (PIS) account for routing PIS transactions will be as under:

Permissible Credits

- (i) Inward remittances in foreign exchange though normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts maintained with AD bank in India ;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation basis under PIS and sold on stock exchange through registered broker;
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on repatriation basis on stock exchanges through registered broker under PIS; and
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

- f) The permissible credits and debits in the NRO(PIS) account for routing PIS transactions will be as under;

Permissible Credits

- (i) Inward remittances in foreign exchange though normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts or NRO accounts maintained with AD bank in India;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation (at the NRI's option) and non repatriation basis under PIS and sold on stock exchange through registered broker; and
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on non- repatriation basis on stock exchanges through registered broker under PIS.
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

- g) The purchase of equity shares in an Indian company, both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the paid up capital of the company subject to an overall ceiling of 10 per cent of the total paid-up capital of the company concerned by all NRIs both on repatriation and non-repatriation basis taken together.
- h) The purchase of convertible debentures of each series of an Indian company both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the total paid -up value of convertible debentures subject to an overall ceiling of 10 per cent of the total paid –up value of each series of the convertible debentures issued by the Indian company concerned by all NRIs both on repatriation and non-repatriation basis taken together.
- i) Shares /convertible debentures purchased shall be held and registered in the name of the NRI.
- j) Shares /convertible debentures acquired by the NRI under this permission can be sold on recognized stock exchange in India through registered broker without any lock in period. NRI shall not engage in short selling and shall take delivery of the shares and convertible debentures purchased and give the delivery of the shares and debentures sold.
- k) Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of gift except to his close relatives as defined in Section 6 of the Companies Act, 1956, as amended from time to time or Charitable Trust duly registered under the laws in India with prior approval of AD bank Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of sale under private arrangement without prior approval of the Reserve Bank .
- l) Shares /convertible debentures acquired by the NRI under the Scheme shall not be pledged for giving loan to a third party without prior permission of the Reserve Bank.
- m) NRI is permitted to buy or sale shares/convertible debentures through his own broker who is an authorized member of a recognized stock exchange. Both purchase and sale contract notes, in original, should be submitted by the NRI within 24/48 hours of execution of the contract to his designated branch with whom his PIS account is maintained. The onus is on the NRI for submission of contract notes to the designated branch of the AD bank.
- n) NRI is at a liberty to change the designated branch / AD bank. The designated branch / AD bank from whom the PIS account is being transferred should
 - i) issue no objection certificate to the new designated branch / AD bank

- ii) furnish the list of all the existing holding as also the dates of reporting the transaction in LEC(NRI) to the Reserve Bank to that designated branch/ AD bank to whom the PIS account is being transferred.
- o) In cases, where an NRI is eligible to make investment in India, his resident Power of Attorney holder can be permitted by AD bank to operate NRE(PIS)/NRO (PIS) account to facilitate investment under the Scheme.

-X-X-X-X-X-

[Annex-B to the A.P.(DIR Series)
Circular No.29 of 20.08.2013]

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

A.D.(M.A.Series) Circular No.27

August 31, 1999

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the Exchange Control regulations as stated in the following paragraphs.

1. Imports through courier - submission of documentary evidence of import

In terms of paragraph 7A.23 of Exchange Control Manual (ECM), authorised dealers are required to obtain from importers, a copy of Bill of Entry, in the prescribed form issued by the Customs in the name of the registered courier company, where C.I.F. value of the consignment imported through Courier Service is less than Rs.1 lakh, duly certified by the authorised dealer of the courier company, indicating thereon the particulars of consignment for which remittance was/is sought to be made. It has now been decided that for imports through courier service, for value less than Rs.1 lakh, authorised dealers may accept a copy of Bill of Entry in the prescribed form issued by the Customs in the name of the Courier Company, duly certified by the courier company itself.

2. Import of Drawings and Designs

In terms of paragraph 7A.26 authorised dealers have been permitted to allow remittance towards import of drawings and designs through E-mail or Fax, subject to certain conditions. In these cases authorised dealers should advise importers to keep Customs authorities informed of such imports made by them. It is also clarified that irrespective of mode of import of drawings and designs, Research and Development Cess has to be paid if Research and Development Cess Act, 1986 is applicable.

3. Issue of Commercial Paper to Overseas Corporate Bodies by Indian companies on non-repatriation basis

In terms of paragraph 10C.10(ii) of ECM, Reserve Bank vide its Notification No.F.E.R.A.85/89-RB of 9th October 1989 has granted general permission to Indian companies to issue Commercial Papers to NRIs subject to certain conditions laid down in the above referred paragraph/notification. Reserve Bank has since issued a Notification No.F.E.R.A.205/99-RB dated 3rd July 1999 amending its earlier Notification dated 9th October 1989 referred to above extending the general permission to Indian companies to issue Commercial Paper to Overseas Corporate Bodies (OCBs) also, on non-repatriation basis subject to same terms and conditions.

4. LEC (NRI) Statement

In terms of paragraph 10C.23(i) of ECM, the link offices of authorised dealers submit a statement in form LEC (NRI) giving details of purchases/sales of shares/debentures (company-wise) made by all the designated branches on daily basis. NRIs/OCBs have been now permitted to buy or sell the equity shares/debentures through **their** own brokers who are authorised members of registered stock exchanges and thereafter report such purchases/sales to the bank with whom their portfolio account is maintained. Consequently, form LEC (NRI) has been suitably amended so as to include, the number of shares purchased/sold by NRIs/OCBs through their brokers.

5. The following consequential amendments may be carried out in Exchange Control Manual.

Volume I

- i) In item (b) of paragraph 7A.1(iii) the words "& 7A.23 of ECM" may be substituted by "7A.23 & 7A.26 of ECM".
- ii) The existing paragraph 7A.23 may be replaced by Slip 1.
- iii) A note may be added under paragraph 7A.26 as per Slip 2.
- iv) The existing paragraph 10C.10(ii) may be substituted by Slip 3.

Volume II

- v) The existing Notification No. F.E.R.A.85/89-RB dated 9th October 1989, under Section 9 may be substituted by Slip 4.
- vi) Form LEC (NRIs) may be replaced by Slip 5.

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

7. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,

B. MAHESHWARAN

Chief General Manager

Imports through Courier

7A.23 Under the current Exim Policy, import of goods through courier is permitted, in accordance with the Courier Imports (Clearance) Regulations, 1995, as amended by the Courier Imports (Clearance) Amendment Regulations, 1997, notified by the Government of India, Department of Revenue, Central Board of Excise & Customs (CBEC), New Delhi. Where the C.I.F. value of the consignment imported through courier service, does not exceed Rupees one lakh, the relative Bill of Entry is required to be filed by the registered courier service. However, where the value of the consignment is Rupees one lakh or more, importers are required to file separate Bill of Entry, as in the case of other imports. Accordingly, in respect of remittances for imports through courier services, authorised dealers should ensure submission of Exchange Control Copy of Bill of Entry for home consumption in the case of imports valued at Rupees one lakh or more. Where the value of import is less than Rupees one lakh, authorised dealers may obtain from the importer, a copy of Bill of Entry in the prescribed Form, issued by the Customs in the name of the registered courier, duly certified by the courier company, indicating thereon the particulars of the consignment for which the copy has been issued.

7A.26

NOTE :- *Authorised dealers should advise importers to keep Custom authorities informed of the imports made by them under this paragraph.*

Acceptance of deposits by proprietorship concerns/firms/companies in India on Non-repatriation basis

10C.10

(ii) Indian companies wishing to raise deposits by issue of Commercial Paper (CP) have to comply with the Non-Banking Companies (Acceptance of Deposits through Commercial Paper) Directions, 1989 issued by Reserve Bank (IECD). Reserve Bank (IECD) has granted general permission to Indian companies for issue of CP to NRIs/OCBs vide Notification No.F.E.R.A.85/89-RB dated 9th October 1989 as amended by Notification No.F.E.R.A.205/99-RB dated 3rd July 1999 subject to the company complying with the conditions stipulated by Reserve Bank (IECD) and (ECD). Indian companies may accordingly raise deposits from NRIs/OCBs through issue of CP without obtaining specific permission of Reserve Bank (ECD) provided the amount invested will not be allowed to be repatriated outside India and the CP will not be transferable. Payment of investment in CP should be received by remittance from abroad through normal banking channel or by debit to investor's NRE/FCNR/NRO/NRSR account and maturity proceeds should be paid by credit to NRO/NRSR account of the non-resident investor with a bank in India.

**Notification No.F.E.R.A.85/89-RB dated 9th October
1989 as amended up to 3rd July 1999**

Issue of Commercial Paper

In pursuance of sub-section (1) of Section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank hereby directs that the prohibition imposed by clause (c) of that sub-section, shall not apply to the issue of commercial paper to non-residents of Indian nationality or origin (NRIs) and to Overseas Corporate Bodies (OCBs) by a company which issues commercial paper in accordance with the terms and conditions stipulated by the Reserve Bank in that regard:

Provided that

- (i) the amount invested in such commercial paper and the income earned thereon shall not be allowed to be repatriated out of India;

and

- (ii) that commercial paper issued to NRIs or OCBs shall not be transferable.

Explanation:

A person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if

- (i) he, at any time, held Indian passport;

or

- (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955(57 of 1955);

or

- (iii) that person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh)

LEC (NRIs)
[Paragraph 10C.23(i)]

Statement showing company-wise details of total purchases and sales of equity shares/convertible debentures made through designated branches of ADs under Portfolio Investment Scheme on behalf of their NRI/OCB clients

Name and address of the Link Office _____
Sr.No._____

INSTRUCTIONS

- i) This statement should be serially numbered and must be submitted to the Reserve Bank on the following working day.
- ii) If no purchases/sales are made on any particular day, a 'nil' statement need not be submitted to the Reserve Bank.
- iii) All purchase and sale transactions for which a firm commitment has been made to acquire or transfer equity shares/convertible debentures in the form of the broker's contract notes issued by recognised stock exchange brokers, should be included in this statement on the same day, irrespective of whether the actual deliveries have been effected or not.
- iv) Designated bank branches should obtain the broker's contract notes/intimations of actual purchase/sale transaction on the date of the transaction itself so that such purchases/sales could be included in the daily statement.
- v) All purchases/sales of shares/convertible debentures both on repatriation and non-repatriation basis under Portfolio Investment Scheme only should be included in this statement. Sale of shares/debentures acquired out of new issues directly from Indian companies should not be reported in this statement.

Name of the company (indicate full name)	Type of security	Whether Repatriable or Non-Repatriable	PURCHASES				SALES			
			No.	Face Value per share / debenture	Debenture Series No. (indicate the Series No.)	Total purchase price	No.	Face Value per share / debenture	Debenture Series No. (indicate the Series No.)	Total sale proceeds
1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
	1. Equity shares 2. PCDs/ FCDs 3. Others (to be specified)	Repatriable								
	1. Equity shares 2. PCDs/ FCDs 3. Others (to be specified)	Non-repatriable								

We hereby certify that the above statement includes all the purchases and sales of equity shares and convertible debentures made on _____ by all the designated branches in India of our bank through stock exchanges in India on behalf of non-residents of Indian nationality/origin (NRIs) and overseas companies, partnership firms, societies and other corporate bodies owned by such persons to the extent of at least 60 per cent (OCBs) or NRIs/OCBs themselves. We also certify that the investments in each company by any single NRI does not exceed 5% of the paid up capital/each series of convertible debentures.

Place _____

Date _____

Stamp

(Signature of Authorised Official
Name: _____
Designation: _____)

Forwarded to the Chief General Manager, Exchange Control Department (Foreign Investment Division), Reserve Bank of India, Central Office, Central Office Building, 11th Floor, Shahid Bhagat Singh Road, Fort, Mumbai-400 001.

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

A.D.(M.A.Series) Circular No.32)

November 1, 1999

To
All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the Exchange Control regulations as stated in the following paragraphs.

1. Investment in Non-Convertible Debentures by NRIs/OCBs on non-repatriation/repatriation basis

In terms of paragraph 10C.7(ii) and 10C.15 of ECM, proposals for investment in non-convertible debentures of Indian companies by Non-Resident Indians (NRIs)/Overseas Corporate Bodies (OCBs) on non-repatriation/repatriation basis are considered by Reserve Bank on a case to case basis.

With a view to further simplifying the procedure for NRI/OCB investment in India, Reserve Bank has, by issue of a Notification (copy enclosed) granted general permission to Indian companies for issuing non-convertible debentures to such investors on non-repatriation/repatriation basis. Accordingly, it will be in order for Indian companies to issue, by way of public issue, non-convertible debentures on non-repatriation/repatriation basis to NRIs/OCBs without prior permission of Reserve Bank, subject to the conditions mentioned in the Notification.

2. Portfolio investment in shares/debentures of Indian companies by non-resident Indians/Overseas Corporate Bodies through designated branches of authorised dealers

In terms of paragraph 10C.21(iv) and (v) of ECM, Non-Resident Indians (NRIs)/ Overseas Corporate Bodies (OCBs) intending to make portfolio investment in shares and debentures of Indian companies on non-repatriation/repatriation basis are required to apply to Reserve Bank in form NRI/NRC or RPI/RPC, as applicable, through a designated branch of an authorised dealer. The Reserve Bank grants permission to the designated branch to purchase such shares/debentures/Government Securities (other than bearer securities) and Treasury Bills on behalf of the NRI/OCB subject to certain conditions. It has now been decided that all **portfolio investments** made by NRIs and/or OCBs on non-repatriation/ repatriation basis in shares/debentures of Indian companies and other securities through **designated branches** of authorised dealers will not require specific permission from Reserve Bank. Such NRIs/OCBs who make portfolio investment in shares/debentures etc. through a designated branch of an authorised dealer will have Reserve Bank's permission under Section 29(1)(b) of Foreign Exchange Regulation Act, 1973 to acquire such shares/ debentures etc.. Accordingly, NRIs/OCBs desirous of making portfolio investment in shares/ debentures of Indian companies and other securities on non-repatriation/repatriation basis may apply in form NRI/NRC or RPI/RPC, as applicable, to designated branch of an authorised dealer.

3. Loans in India to Non-residents against shares/securities/properties held by them in India

In terms of paragraph 10D.2(i) of ECM, prior approval of Reserve Bank is required for grant of loans/overdrafts in India to non-residents against the security of shares/securities/ immovable property held by them in India. It has now been decided that authorised dealers may grant loans and advances to Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs) against the security of

shares/debentures/immovable property held by them in India, according to their commercial judgement and subject to the conditions mentioned in the said paragraph.

**4. Foreign Currency (Non-Resident) Accounts
(Banks) Scheme [FCNR(B)]**

In terms of paragraph 14B.1(b) of ECM, authorised dealers have been permitted to open FCNR(B) accounts in the form of term deposit for four maturity periods which includes maturity of six months and above but less than one year. It has now been decided that the minimum maturity for FCNR(B) deposits be raised to one year. Accordingly, FCNR(B) deposits may be accepted by authorised dealers for three maturity periods viz. one year and above but less than two years, two years and above but less than 3 years and three years only.

5. The following consequential amendments may be carried out in Exchange Control Manual.

Volume I

- i) The existing paragraph 10C.7(ii) may be substituted by Slip 1.
- ii) The existing paragraph 10C.15 may be substituted by Slip 2.
- iii) Slips incorporating changes in paragraph 10C.21 are being issued separately.
- iv) The existing paragraph 10D.2(i) may be replaced by Slip 3.
- v) The existing paragraph 14B.1(b) may be substituted by Slip 4.

Volume II

- vi) A new notification No.F.E.R.A.213/99-RB dated 1st November 1999 may be added under Section 19 as per Slip 5.
- vii) Formats of revised form NRI, NRC RPI and RPC are being issued separately.

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

7. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,

B. MAHESHWARAN

Chief General Manager

Investment in New Issues of Shares/Debentures of Indian Companies

10C.7(ii) Reserve Bank of India vide its Notification No.F.E.R.A.213/99/RB dated 1st November 1999, has granted general permission to Indian companies to issue, by way of public issue, non-convertible debentures (NCDs) to NRIs/PIOs/OCBs on non-repatriation basis subject to the following conditions:

- i) The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRE/FCNR/NRO/NRSR account, as the case may be, with an authorised dealer in India. The principal amount representing the investment is not repatriable. If the investment is made out of funds held in NRSR account, the principal as well as interest earned are not repatriable.
- ii) The rate of interest on such NCDs shall not exceed prime lending rate of State Bank of India, plus 300 basis points.
- iii) The minimum period for redemption of such NCDs should be three years.
- iv) The company raising funds through NCDs should not be engaged in agricultural/plantation activity, real estate business, trading in transferable development rights (TDRs) or act as Nidhi/Chit Fund company.
- v) The issuer company files with the Regional Office of Reserve Bank, not later than thirty days from the date of receipt of remittance, a report containing the following:-
 - (a) A list containing names of NRIs/OCBs.
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Amount and date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
- vi) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:-
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on non-repatriation basis.
 - (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate, date of redemption, etc.
 - (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR/NRO/NRSR accounts as the case may be, of the NRI/PIO/OCB.
 - (d) Memorandum and Articles of the issuer company.
 - (e) Certificate in Form OAC/OAC1 indicating the NRI shareholding to the extent of atleast 60% either directly or indirectly in case of investment by OCB.
 - (f) Any information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.
 - (g) An undertaking that the issuer company is not and shall not be engaged in agricultural/plantation activity, real estate business, trading in TDRs or act as Nidhi/Chit Fund company.

Investment in non-convertible Debentures of Indian Companies

10C.15 Reserve Bank of India vide its Notification No.F.E.R.A.213/99-RB dated 1st November 1999, has granted permission to Indian companies to issue, by way of public issue, non-convertible debentures (NCDs) to NRIs/PIOs/OCBs on repatriation basis subject to the following conditions:

- i) The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRE/FCNR account, as the case may be, with an authorised dealer in India. Further, the percentage of such NCDs issued to NRIs/OCBs to the total paid-up value of each series of NCDs issued should not exceed the ceiling applicable for issue of equity shares/convertible debentures as prescribed by the Reserve Bank from time to time, under the respective schemes viz. 24%/51%/100% etc. for investment by NRIs/OCBs on repatriation basis in the capital of the issuer company.
- ii) The rate of interest on such NCDs shall not exceed prime lending rate of State Bank of India, plus 300 basis points.
- iii) The minimum period for redemption of such NCDs should be three years.
- iv) The company raising funds through NCDs should not be engaged in agricultural/plantation activity, real estate business, trading in transferable development rights (TDRs) or act as Nidhi/Chit Fund company.
- v) The issuer company files with the Regional Office of Reserve Bank, not later than thirty days from the date of receipt of remittance, a report containing the following:-
 - (a) A list containing names of NRIs/OCBs.
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Amount and date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
- vi) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:-
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on non-repatriation basis.
 - (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate, date of redemption, etc.
 - (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR accounts as the case may be, of the NRI/PIO/OCB.
 - (d) Memorandum and Articles of the issuer company.
 - (e) Certificate in Form OAC/OAC1 indicating the NRI shareholding to the extent of atleast 60% either directly or indirectly in case of investment by OCB.
 - (f) Any information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.
 - (g) An undertaking that the issuer company is not and shall not be engaged in agricultural/plantation activity, real estate business, trading in TDRs or act as Nidhi/Chit Fund company.

**Loans in India to Non-residents against
Shares/Securities/Properties held by them in India**

10D.2 (i) Authorised dealers may grant loans and overdrafts to Non-resident persons of Indian nationality/origin against the security of shares/debentures and immovable property held by them in India, according to their commercial judgement provided:

- (a) Shares/Securities are held in the name of the concerned NRI with the general or special permission of Reserve Bank. In the case of loans against security of immovable properties (other than agricultural/plantation property or farm house) to persons of Indian origin holding foreign passport, the properties have been acquired with the general or special permission of Reserve Bank.
- (b) The loan is utilised for meeting the borrower's personal requirements and/or for his own business purposes and not for (i) re-lending or investment in shares/securities/immovable property, or (ii) investment in agricultural/plantation activities or farm house and in real estate business (i.e. dealing in land and other immovable property for commercial purposes either singly or in association with others).
- (c) The quantum of loan, margin, interest, etc., are in accordance with the guidelines issued by Department of Banking Operations and Development regarding advances against shares/securities/immovable properties.
- (d) The loan amount is retained in India and not remitted abroad. The loan amount should not be credited to NRE/FCNR/NRNR account of the non-resident.
- (e) The repayment of the loan is made by way of remittances from abroad through normal banking channel or by debt to the NRO/NRSR/NRE/FCNR account of the borrower or out of the sale proceeds of the shares/securities/immovable property against which such loan was granted.

Regulations governing grant of loans/overdrafts against balances held in NRO/NRSR/NRE/FCNR accounts have been laid down in Chapter 13 and 14.

14B.1

(b) FCNR(B) accounts are permitted to be opened only in the form of term deposits. The deposits may be accepted for three maturities viz. one year and above but less than 2 years, two years and above but less than 3 years and three years only.

Notification No.F.E.R.A.213/99-RB dated 1st November 1999

Investment in Non-Convertible Debentures (NCDs)

In pursuance of clause (a) and clause (d) of sub-section (1) of Section 19 read with clause (b) of sub-section (1) of Section 29 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank is pleased to permit a company incorporated in India to issue, by way of public issue, Non-Convertible Debentures (NCDs) to non-residents of Indian nationality or origin (NRIs) or Overseas Corporate Bodies (OCBs), on repatriation basis as well as on non-repatriation basis, and to send such NCDs out of India to their place of residence or location, as the case may be.

2. The General permission granted herein to issue NCDs is subject to the following conditions:-

- i) The payment for the NCDs issued to NRIs/OCBs **on repatriation basis** should be received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR accounts maintained with an authorised dealer in India. Further, the percentage of such NCDs issued to NRIs/OCBs to the total paid-up value of each series of NCDs issued should not exceed the ceiling applicable for issue of equity shares/convertible debentures as prescribed by the Reserve Bank from time to time, under the respective schemes viz. 24%/51%/100% etc. for investment by NRIs/OCBs **on repatriation basis** in the capital of the issuer company.
- ii) The payment for the NCDs issued to NRIs/OCBs **on non-repatriation basis** should be received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR/NRO/NRSR accounts maintained with an authorised dealer in India. In such cases the amount of capital invested will not be allowed to be repatriated outside India. If the investment in NCDs is made out of funds held in NRSR accounts, the interest on such NCDs will **also not** be repatriable outside India.
- iii) The rate of interest on such NCDs shall not exceed SBI prime lending rate plus 300 basis points as on the date of resolution in the company's General Body Meeting approving the issue.
- iv) The minimum period for redemption of such NCDs should be three years.
- v) The company raising funds through NCDs should not carry on agricultural/plantation/real estate business/Trading in Transferable Development Rights (TDRs) or should not act as Nidhi/Chit Fund Company.
- vi) The issuer company files with the Regional Office of Reserve Bank, not later than 30 days from the date of receipt of remittance, a report containing the following:
 - (a) Name of the non-resident investor;
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
- vii) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on repatriation / non-repatriation basis.

- (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate and redemption date.
- (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR/NRO/NRSR account, as the case may be, of the NRI/OCB.
- (d) Memorandum and Articles of Association of the issuer company.
- (e) In the case of investment by OCBs, a certificate in Form OAC/OAC1 showing that it is an OCB within the meaning of Explanation II of this Notification.
- (f) An undertaking that the issuer company is not and shall not be engaged in any of the prohibited activities specified in condition 2(v) above.
- (g) Any other information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.

Explanation:-

- I. A person (not being a citizen of Pakistan and Bangladesh or Sri Lanka) shall be deemed to be of "Indian Origin", if:-
 - i) he, at any time, held Indian passport;
or
 - ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955)
or
 - iii) that person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh or Sri Lanka).
 - II. "Overseas Corporate Body" means any overseas company, partnership firm, society and other corporate body predominantly owned directly or indirectly to the extent of atleast sixty percent by NRIs and includes overseas trust in which not less than sixty percent beneficial interest is irrevocably held by NRIs, either directly or indirectly.
 - III. "Transferable Development Rights (TDRs) are certificates issued in respect of category of land acquired for public purpose either by Central or State Government in consideration of surrender of land by the owner without monetary compensation, which are transferable in part or whole."
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**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
CENTRAL OFFICE BUILDING
MUMBAI – 400 001**

Ref.No.EC.CO.FID(II)/NRIC/ /212/99-2000

17 Dec 1999

To all L.O.

Dear Sir,

Portfolio Investment in shares/
debentures of Indian companies by NRIs/OCBs
through designated branches of Authorised Dealers

Please refer to paragraph 2 of our AD (MA Series) Circular No.32 dated 1st November 1999 on the captioned subject.

As advised therein, you may implement the Portfolio Investment Scheme (PIS) through the designated branches of your bank to whom we have already granted permission, on the terms and conditions mentioned in the Annexure I and II. In addition to the above, the designated bank may note the following.

- i) The designated branch will obtain an undertaking from the NRI/OCB applicant to the effect that the applicant has no dealing/will not deal with any other designated branch/bank under PIS.
- ii) The NRI/OCB investor acquiring shares/debentures/bonds of Indian companies, Government Securities, Treasury Bills and units of Public Sector/Private Sector Mutual Fund Scheme including units of UTI under Portfolio Investment Scheme through your designated branch have our permission to hold such shares/debentures etc. under Section 29(1)(b) of FERA 1973.
- iii) The permission granted hereby may also be treated as our permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.

You may obtain the application in forms (revised) NRI/NRC or RPI/RPC as applicable from the NRI/OCB intending to participate in the portfolio investment scheme.

You may advise all the designated branches of your bank accordingly.

Yours faithfully,

(R.MurliDharan)
Dy General Manager
Encl: As above – 6

Annexure - I

Terms and condition on Investments under PIS on repatriation basis

- a) The funds for investment shall be provided out of fresh remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/FCNR Account maintained with the bank.
- b) The purchase of equity shares in each company with repatriation benefits shall not exceed 5% (five percent) of the paid-up-capital of the company subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non repatriation basis taken together. Purchases of convertible debentures can also be made with repatriation benefits upto 5% (five percent) of the total paid-up value of the convertible debentures subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and treasury bills, and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the non-resident investor/s Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or the investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold. Sale proceeds of such shares etc. or dividend or income earned therefrom may be repatriated or credited to the NRE/FCNR/NRO/NRSR Account of the NRI/OCB subject to payment of applicable taxes. [as prescribed in para 10C.27 of the Exchange Control Manual (1993 Edition)].
- e) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.

...2

- f) Shares etc. acquired may be kept in safe custody with your bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from the Reserve Bank.
- g) The permission in case of OCBs, will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The designated branch will obtain from the OCB, a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect and obtain such certificates, on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- h) The designated branch may submit companywise investments made by NRIs/OCBs to its Link office on a daily basis and Link office in turn will submit a daily statement in form LEC(NRI) to the Reserve Bank.
- i) A separate record of the purchases made on non-repatriation basis on behalf of the NRI/OCB applicant should be maintained if the applicant has our permission to invest in shares etc. on non-repatriation basis as well.

Annexure - II

Terms and conditions on Investment under PIS on non-repatriation basis

- a) The funds for investment shall be provided out of fresh remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE) /FCNR/Non-Resident Ordinary(NRO)/Non-Residential Special Rupee (NRSR) Account maintained with the bank.
- b) The purchase of equity shares in each company shall be subject to an overall ceiling of 10% (Ten percent) of the total paid-up-capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchases of convertible debentures can also be made without repatriation benefits subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated Securities and treasury bills, and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold.
- e) The funds invested in shares etc., under this permission will not be allowed to be repatriated outside India at any time in future.
- f) In case where the investment is made out of inward remittance or from funds held in NRE/FCNR/NRO account of the investor, the sale proceeds/dividend or income earned may be credited (net of taxes) to NRO or NRSR Account maintained with the bank. In cases where the investment is made out of NRSR Account, the sale proceeds/dividend or income earned will be credited (net of taxes) to NRSR Account maintained with the bank.
- g) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.

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- h) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from the Reserve Bank.
- i) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The designated branch will obtain from the OCB a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect and obtain such certificate on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- j) The branch may submit companywise investments made by NRIs/OCBs to its Link Office on a daily basis and Link Office in turn will submit a daily statement in form LEC(NRI) to the Reserve Bank.
- k) A separate record of the purchases made on non-repatriation basis on behalf of the captioned NRI/OCB should be maintained if the applicant has our permission to invest in shares etc. on non-repatriation basis as well.

RPI

(To be submitted to designated branch of an Authorised Dealer)

Application from non-resident Individuals of Indian nationality or origin (NRIs) for purchase of eligible securities @ through stock exchange/s in India with repatriation benefits

1. Particulars of the NRI : First holder Second holder Third holder

- i) Full Name
- ii) Overseas address*
- iii) Nationality
- iv) Details of current passport
 - (a) Passport number
 - (b) Place & date of issue
 - (c) Issued by
 - (d) Country of residence as stated in the passport
 - (e) Country of birth
- v) If the applicant is not a citizen of India, the basis on which he/she claims to be a person of 'Indian Origin'
(Please see footnote)
- vi) Whether resident outside India permanently;
if not, since when residing abroad
- vii) Occupation (employment business, vocation etc.)
- viii) Relationship with other joint holders

2. Source of funds from which payment for shares/ debentures to be purchased will be made:

- (i) By remittances from abroad
- (ii) From non-resident bank account in India
 - (a) Nature of account viz. NRE/FCNR account
 - (b) Account number

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(c) Address of the bank
branch maintaining
the account.

3. Whether the NRI applicant already holds any eligible securities acquired through stock exchange with benefit of repatriation/without benefit of repatriation. If so, please attach a complete list of such shares/convertible debentures indicating the name and address of the company, total number and face value of the shares/convertible debentures held alongwith reference number and date of RBI approval.

-
- (i) I/we solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/we am/are citizen/s of India/person/s of Indian origin.
 - (ii) I/we hereby undertake that I/we have no dealing/will not deal with any other designated branch/bank under PIS.
 - (iii) I/we agree and undertake to ensure that my/our total holding of equity/preference shares/convertible debentures in any one Indian company that may be allowed to be purchased through stock exchange/s (including the equity/preference shares/convertible debentures already held, if any, in that company) with repatriation benefits shall at no time, exceed five per cent of the paid-up capital/paid up value of each series of convertible debentures of that company.

Place :

Date :

(Signature of the applicant/s)

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt. securities (other than bearer securities) treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI.

*Local address may be given if the second, third holder is resident in India.

Note: For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin' if (a) he, at any time, held Indian passport, or (b) he or either of his parents or any of his grandparents was an Indian and a permanent resident in undivided India at any time. A spouse (not being a citizen of Pakistan or Bangladesh) of a citizen of

India or of a person of India origin will so be deemed to be of Indian origin even though she may be of non-Indian origin.

NRI

(To be submitted to designated branch of an Authorised Dealer)

Application from non-resident individuals of Indian nationality or origin (NRIs) for purchase of eligible securities @ through stock exchange/s in India without repatriation benefits

1. Particulars of the NRI:	First holder	Second holder	Third holder
i) Full Name			
ii) Overseas address*			
iii) Nationality			
iv) Details of current passport			
(a) Passport number			
(b) Place & date of issue			
(c) Issued by			
(d) Country of residence as stated in the passport			
(e) Country of birth			
v) If the applicant is not a citizen of India, the basis on which he/she claims to be a person of 'Indian Origin' (Please see footnote)			
vi) Whether resident outside India permanently; if not, since when residing abroad			
vii) Occupation (employment business, vocation etc.)			
viii) Relationship with other joint holders			
2. Source of funds from which payment for shares/ debentures to be purchased will be made:			
(i) By remittances from abroad			
(ii) From non-resident bank account in India			
(a) Nature of account viz. NRE/FCNR /Ordinary Non-resident account			
(b) Account number			

(c) Address of the bank
branch maintaining
the account

-
- (i) I/we solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/we am/are citizen/s of India/person/s of Indian origin.
 - (ii) I/we hereby undertake that I/we have no dealing/will not deal with any other designated branch/bank under PIS.
 - (iii) I/We also hereby agree and undertake that in the event of the designated bank permitting me/us to purchase shares/debentures in Indian companies. I/We, will not, at any time seek repatriation of the capital invested. This undertaking will also be binding on my/our heirs, executors, successors and assigns and they will not be entitled to seek repatriation of any capital so invested by me/us.

Place :

Date : _____ (Signature of the applicant/s)

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt. securities (other than bearer securities) treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI.

*Local address may be given if the second, third holder is resident in India.

Note: For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin' if (a) he, at any time, held Indian passport, or (b) he or either of his parents or any of his grandparents was an Indian and a permanent resident in undivided India at any time. A spouse (not being a citizen of Pakistan or Bangladesh) of a citizen of India or of a person of India origin will so be deemed to be of Indian origin even though she may be of non-Indian origin.

RPC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India with repatriation benefits

.....

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC-1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1. (i) Name and full address of the applicant
(ii) Whether the applicant is a company partnership firm, society or trust
(iii) Place of incorporation/registration
(iv) Date of incorporation/registration
(v) Percentage of ownership of the applicant company/firm/society
(irrevocable beneficial interest
in case of a trust) held directly or
indirectly by individuals of Indian nationality/
origin resident outside India.
 2. Source of funds from which payment for shares/
debentures to be purchased will be made:
(i) By remittances from abroad
(ii) From non-resident bank account in India
(a) Nature of account viz. NRE/FCNR account
(b) Account number
(c) Name and address of the bank branch maintaining
the account.
 3. Whether the applicant OCB already holds
any eligible securities acquired through
stock exchange with benefit of repatriation/
without benefit of repatriation. If so, please attach
a complete list of such shares/convertible debentures
indicating the name and address of the
company, total number and face value of the shares/
convertible debentures held alongwith reference
number and date of RBI approval.
-
- (i) We solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief.
 - (ii) We hereby undertake that I/we have no dealing/will not deal with any other designated branch under PIS.

- (iii) We agree and undertake to ensure that our total holding of equity shares/preference shares/convertible debentures in any one Indian company that may be allowed to be purchased through stock exchange/s (including the equity shares/preference shares/convertible debentures already held, if any, in that company) with repatriation benefits shall, at no time, exceed five percent of the paid-up equity capital/paid-up value of each series of convertible debentures of that company.
- (iv) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).

Place :
Stamp (Signature of authorized official)
Date
Name
Designation

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

- (i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.
- (ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

NRC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India WITHOUT repatriation benefits.

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1. (i) Name and full address of the applicant
(ii) Whether the applicant is a company partnership firm, society or trust
(iii) Place of incorporation/registration
(iv) Date of incorporation/registration
(v) Percentage of ownership of the applicant company/firm/society
(irrevocable beneficial interest
in case of a trust) held directly or
indirectly by individuals of Indian nationality/
origin resident outside India.
 2. Source of funds from which payment for shares/
debentures to be purchased will be made:
(i) By remittances from abroad
(ii) From non-resident bank account in India
(a) Nature of account viz. NRE/FCNR account
(b) Account number
(c) Name and address of the bank branch maintaining
the account
-
- (i) We solemnly declare that the particulars given above are true and correct to the best of our knowledge and belief.
(ii) We hereby undertake that we have no dealing/will not deal with any other designated branch/bank under PIS.

- (iii) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).
- (iv) We also hereby agree and undertake that in the event of designated branch permitting us to purchase shares/debentures in Indian companies, we will not, at any time, seek repatriation of the capital invested. This undertaking will also be binding on our executors, successors and assignee and they will not be entitled to seek repatriation of any capital so invested by us.

Place :
Stamp (Signature of authorized official)

Date
Name
Designation

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

- (i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.
- (ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

NRC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India WITHOUT repatriation benefits.

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1. (i) Name and full address of the applicant
(ii) Whether the applicant is a company partnership firm, society or trust
(iii) Place of incorporation/registration
(iv) Date of incorporation/registration
(v) Percentage of ownership of the applicant company/firm/society (irrevocable beneficial interest in case of a trust) held directly or indirectly by individuals of Indian nationality/ origin resident outside India.

 2. Source of funds from which payment for shares/ debentures to be purchased will be made:
(i) By remittances from abroad
(ii) From non-resident bank account in India
 (a) Nature of account viz. NRE/FCNR account
 (b) Account number
 (c) Name and address of the bank branch maintaining the account

 - (i) We solemnly declare that the particulars given above are true and correct to the best of our knowledge and belief.
(ii) We hereby undertake that we have no dealing/will not deal with any other designated branch/bank under PIS.

- (iii) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).
- (iv) We also hereby agree and undertake that in the event of designated branch permitting us to purchase shares/debentures in Indian companies, we will not, at any time, seek repatriation of the capital invested. This undertaking will also be binding on our executors, successors and assignee and they will not be entitled to seek repatriation of any capital so invested by us.

Place :

Stamp

(Signature of authorized official)

Date

Name.....

Designation

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

- (i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.
- (ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
CENTRAL OFFICE BUILDING
MUMBAI – 400 001**

Ref.No.EC.CO.FID(II)/NRIC/4828/212/99-2000

24 MAR 2000

Dear Sir,

**Portfolio Investment in shares/debentures, etc.
of Indian Companies by NRIs/OCBs through
designated branches of Authorised Dealers in
terms of AD(MA Series) Circular No.32 dated 1.11.1999**

In continuation of our letter No.EC.CO.F.I.D(II)/NRIC/ /212/99-2000 dated 17th December 1999, we forward herewith the format of the permission letter to be issued by the designated branches of Authorised Dealers under portfolio investment scheme to their NRI/OCB clients desirous of making Portfolio Investment in shares/debentures, etc. of Indian Companies on repatriation/non-repatriation basis in terms of AD(MA Series) Circular No.32 dated 1st November 1999.

You may advise all the designated branches of your bank accordingly.

Yours faithfully,

(J.S.Patel)
for Chief General Manager

Encl.: as above

RBI-RPC – on Repatriation basis

RPI-RPC/ 99-2000

Dear Sirs,

**Permission for purchase of shares/debentures/bonds
of Indian companies, Government dated securities,
treasury bills and units of public sector/private
sector Mutual Fund Scheme including units of UTI
through stock exchanges with repatriation benefits
in terms of AD(MA Series) Circular No.32
dated 1st November 1999**

Please refer to your letter No. _____
dated _____ enclosing the application in form RPI/RPC of the
above name Non-resident Investor of Indian nationality/origin (NRI)/Overseas
Corporate Body (OCB) on the captioned subject.

2. We on behalf of Reserve Bank of India, in terms of AD (MA Series) Circular
No.32 dated 1st November 1999 hereby grant you permission to purchase
shares/debentures/bonds of Indian Companies, Government dated securities (both
Government of India and State Governments) of all maturities and Treasury Bills of
Government of India and units of Mutual Funds (including units of UTI) through stock
exchanges in India at the ruling market price as determined on the floor of the stock
exchanges on behalf of _____
as first holder/OCB and _____ as the second holder on
repatriation basis subject to the following conditions:

...2

- a) The funds for investment shall be provided out of remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/Foreign Currency Non-Resident (FCNR) Account No. _____ maintained with us/our branch at _____.
- b) The purchase of equity shares in each company with repatriation benefits shall not exceed 5% (five percent) of the paid-up capital of the company subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchase of convertible debentures can also be made with repatriation benefits upto 5% (five percent) of the total paid-up value of the convertible debentures subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and Treasury Bills and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s, Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission, can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and

...3

give delivery of the shares etc. sold. Sale proceeds of such shares etc. or dividend or income earned thereof may be repatriated or credited to the NRE/FCNR/NRO/NRSR Account of the NRI/OCB subject to payment of applicable taxes (as prescribed in para 10C.27 read with 3B.10 of the Exchange control Manual 1993 Edition).

- e) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sold under private arrangement without prior approval of Reserve Bank.
- f) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from Reserve Bank.
- g) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The OCB should submit to the bank a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- h) The permission granted hereby will be valid for a period of five years from the date of this letter subject to renewal for a further period of five years at the discretion of the bank. In the case of OCBs this permission can be renewed subject to OCB submitting the latest certificate in form OAC/OAC-1 in original evidencing the prescribed beneficial interest of NRI in it.

...4

- i) Both purchase and sale contracts in original shall be submitted to the bank within 24/48 hours of the execution of the contract to enable us to report the same to Reserve Bank of India.
3. The permission granted hereby may also be treated as Reserve Bank of India's permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.
4. Please ensure strict compliance of all the terms and conditions mentioned hereinabove as well as the extant General Exchange Control rules and regulations in force.
5. Please acknowledge receipt.

Yours faithfully,

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Manager/Chief Manager

NRI – NRC – on Non-Repatriation basis

NRI-NRC/ /99-2000

Dear Sirs,

**Permission for purchase of shares/debentures/bonds
of Indian companies, Government dated securities,
Treasury Bills and units of public sector/private
sector Mutual Fund Scheme including units of UTI
through stock exchanges in India on non-repatriation
basis in terms of AD (MA Series) Circular No.32
dated 1st November 1999**

Please refer to your letter No. _____
dated _____ enclosing the application in form NRI/NRC of the
above named Non-resident Investor of Indian nationality/origin (NRI)/Overseas
Corporate Body (OCB) on the captioned subject.

2. We on behalf of Reserve Bank of India, in terms of AD (MA Series) Circular
No.32 dated 1st November 1999 hereby grant you permission to purchase
shares/debentures/bonds of Indian Companies, Government dated securities (both
Government of India and State Governments) of all maturities and Treasury Bills of
Government of India and units of Mutual Funds (including units of UTI) through stock
exchanges in India at the ruling market price as determined on the floor of the stock
exchanges on behalf of _____
as first holder/OCB and _____ as the second holder on
non-repatriation basis subject to the following conditions:

...2

- a) The funds for investment shall be provided out of remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/Foreign Currency Non-Resident (FCNR)/ Non-Resident Ordinary (NRO)/ Non-Resident Special Rupee (NRSR) Account No. _____ maintained with us/our branch at _____.
- b) The purchase of equity shares in each company shall be subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchase of convertible debentures can also be made without repatriation benefits subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and Treasury Bills and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s, Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission, can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold.

...3

- e) The funds invested in shares etc. under this permission will not be allowed to be repatriated outside India at any time in future.
- f) In case where the investment is made out of inward remittance or from funds held in NRE/FCNR/NRO account of the investor, the sale proceeds/dividend or income earned will be credited to NRO or NRSR Account maintained with the bank. In case where the investment is made out of NRSR A/c, the Sale Proceeds/dividend or income earned will be credited to NRSR A/c maintained with the bank.
- g) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.
- h) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from Reserve Bank.
- i) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The OCB should submit to the bank a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.

...4

- j) The permission granted hereby will be valid for a period of five years from the date of this letter subject to renewal for a further period of five years at the discretion of the bank. In the case of OCBs this permission can be renewed subject to OCB submitting the latest certificate in form OAC/OAC-1 in original evidencing the prescribed beneficial interest of NRI in it.
 - k) Both purchase and sale contracts in original shall be submitted to the bank within 24/48 hours of the execution of the contract to enable us to report the same to Reserve Bank of India.
3. The permission granted hereby may also be treated as Reserve Bank of India's permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.
4. Please ensure strict compliance of all the terms and conditions mentioned hereinabove as well as the extant General Exchange Control rules and regulations in force.
5. Please acknowledge receipt.

Yours faithfully,

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Manager/Chief Manager

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
CENTRAL OFFICE BUILDING
MUMBAI – 400 001**

Please quote Ref. in reply
EC.CO.FII(434)/43/11.01.01(18)/2001-02

17th August 2001

THE CHIEF EXECUTIVE OFFICER
ABN AMRO BANK N.V.,
DALAMAL HOUSE, & other banks
NARIMAN POINT,
MUMBAI-400021

Dear Sirs,

**Purchase/sale of shares and/or convertible debentures by NRIs/OCBs on
a Stock Exchange in India under Portfolio Investment Scheme**

Attention of Authorised Dealers is invited to Schedule 3 of Reserve Bank Notification No.FEMA.20/2000-RB dated 3.5.2000.

2. Under the Portfolio Investment Scheme, NRIs/OCBs are permitted to purchase/sell shares and/or convertible debentures of an Indian company through a registered broker on a recognised Stock Exchange subject to conditions indicated in the above-mentioned schedule. One of the conditions under which shares/convertible debentures can be purchased/sold under Portfolio Investment Scheme is that the payment for such purchase is made by inward remittance in foreign exchange through normal banking channels or out of funds held in NRE/FCNR account maintained in India if the shares are purchased on repatriation basis. The consideration can be paid by inward remittance or out of fund held in NRE/FCNR/NRO/NRNR/NRSR account of the NRI/OCB concerned if the shares are purchased on non-repatriation basis. It has been observed that NRIs/OCBs use a single NRE/NRO/NRSR/NRNR account to route all transactions whether under PIS or not. Consequently, sale of shares acquired under modes other than PIS also get included in these accounts

3. It has been decided that henceforth designated branches may open a separate NRE/NRO/NRNR/NRSR account for the exclusive purpose of routing the transactions under Portfolio Investment Scheme. They may ensure that amounts due to sale of shares which have been acquired by modes other than Portfolio Investment Scheme (such as underlying shares acquired on conversion of ADRs/GDRs, shares acquired under direct investment schemes and shares purchased outside India from other NRIs/OCBs) do not get credited/debited in the account opened exclusively for routing the PIS transactions. By way

of further clarification, ADs are advised that the permissible credits and debits in the account for routing PIS transactions will be as under :

Permissible Credits

- (i) Inward remittance through normal banking channels;
- (ii) transfer from other NRE accounts or FCNR account;
- (iii) Sale proceeds of the shares which were acquired under Portfolio Investment Scheme and sold on Stock Exchange through a registered broker.

Permissible Debits

- (i) Outward remittance;
- (ii) Amounts paid on account of purchase of shares on Stock Exchange through a registered broker under Portfolio Investment Scheme;
- (iii) Any charges on account of sale/purchase of shares under the Portfolio Investment Scheme.

4. Link Offices may bring the contents of this circular to the notice of all their designated branches authorised to undertake transactions under Portfolio Investment Scheme.

5. Please acknowledge receipt and confirm that necessary action has been taken.

Yours faithfully,

(P. Saran)
General Manager

-X-X-X-X-X-



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

RBI/2013-14/220
A.P. (DIR Series) Circular No.30

September 04, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments – Rationalization/Clarifications

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 23 dated August 14, 2013](#) and the [Notification No. FEMA.120/RB-2004 dated July 7, 2004](#), as amended from time to time. In this connection, Reserve Bank has been receiving queries from various stakeholders including Authorised Dealers and Indian companies. All such queries have been collated and are annexed to this circular along with the answers / clarifications.

2. It is clarified that all the financial commitments made on or before August 14, 2013, in compliance with the earlier limit of 400% of the networth of the Indian Party under the automatic route will continue to be allowed. In other words, such investments shall not be subject to any unwinding or approval from the Reserve Bank.
3. Attention of Authorised Dealer Category - I (AD Category - I) banks is also invited to the provisions under Regulation 6 of the Notification *ibid*, in terms of which the limit of financial commitments for an Indian Party (presently 100% of its net worth) shall not apply to the financial commitments funded out of EEFC account of the Indian Party or out of funds raised by way of ADRs / GDRs by the Indian Party, as hitherto.
4. It has been decided further to retain the limit of 400% of the net worth of the Indian Party for the financial commitments funded by way of eligible External Commercial Borrowing (ECB) raised by the Indian Party as per the extant ECB guidelines issued by the Reserve Bank of India from time to time.
5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

6. Necessary amendments to the Notification, *ibid*, shall be notified separately.

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

Yours faithfully,

(C.D. Srinivasan)
Chief General Manager

Encl: Annex

[Annex to A.P.(DIR Series)
Circular No.30 dated 04.09.2013]

Clarifications on Overseas Direct Investments

S. No.	Query	Answer / Clarification
1.	Whether an Indian Party (IP) can make fresh financial commitments in a JV/WOS already set-up/acquired on or before August 14, 2013 [i.e. date of issue of A.P. (DIR Series) Circular No. 23]?	An IP can make fresh financial commitments in the existing JV / WOS (including for the purpose of setting up of/acquiring step down subsidiaries outside India) only up to the revised limit of 100%, under the automatic route. Any financial commitment beyond the 100% cap shall require prior approval of the Reserve Bank under the approval route for ODI.
2.	What happens if the fresh financial commitments, which are up to the earlier limit of 400%, have been committed on or before August 14, 2013 by the Indian Party? Would such cases attract the provisions of the present circular?	In case of an already contracted/committed financial commitment for an <u>existing</u> JV/WOS, the earlier limit of 400%, under the automatic route, would apply. The onus of ensuring the veracity/authenticity of the contract/commitment before permitting remittances will lie with the designated AD bank. Such cases should be immediately reported post facto to RBI by the AD banks.
3.	For setting up or acquiring a <u>new</u> JV / WOS, for which contract / agreement has been put in place on or before August 14, 2013, whether the new directions of 100% shall be applicable or the existing 400%?	In this case also the dispensation given in 2 above would apply i.e. applicability of automatic route upto 400% of net worth and post facto reporting of such cases to RBI immediately by the AD banks.
4.	What will be the status of an application, for financial commitment in a JV / WOS, which are already forwarded to the AD / RBI, on or before August 14, 2013, under the automatic route / approval route of 400%?	All applications received by the Reserve Bank or/and an AD bank on or before August 14, 2013 would be examined and dealt with by the Reserve Bank or/and an AD bank under the earlier guidelines only, i.e., guidelines prior to August 14, 2013.
5.	How will the 100% limit be calculated for new JV/WOS? Will the earlier investments made by	Yes, it will be reckoned, subject to the answers/clarifications given in this Annex.

S. No.	Query	Answer / Clarification
	the Indian Party be also reckoned towards this 100% or not?	
6.	Whether an Indian Party, making fresh financial commitment in an existing overseas JV / WOS of another Indian Party (either by way of transfer of existing stake or by way of fresh contribution), shall qualify for 100% limit?	Yes. This would be treated as fresh financial commitment by the new Indian Party and it would have to be within the revised limit of 100%, under the automatic route.
7.	In para 3 of the Circular, term 'Government of India' has been prescribed. Keeping in view that all the proposals of ODI by Navratna PSUs / OVL / OIL are not approved by the GoI, whether all the proposals need to be approved by the GoI for being eligible under the automatic route without any limit?	The term 'Government of India' may be considered to read as the 'Competent Authority'. 'Competent Authority', depending on the amount involved, would be (1) Board of Directors of the respective PSU, (2) Empowered Committee of the Secretaries (ECS); and (3) Cabinet Committee on Economic Affairs (CCEA) as laid down in paragraph 2 of A.P. (DIR Series) Circular No. 59 dated May 18, 2007 .

Note : Overseas Direct Investment by an Indian Party (IP) for the purpose of A.P. (DIR Series) Circular No. 23 dated August 14, 2013 and this Circular would mean the total financial commitment as laid down in Regulation 2 (f) of Notification No. FEMA.120/RB-2004 dated July 7, 2004, as amended from time to time by an IP and includes investment in equity, loan, corporate guarantee or bank guarantee [backed by a collateral or guarantee by the IP], performance guarantee (upto 50% of the performance guarantee), creation of charge over movable and immovable assets, pledge of shares, etc.

Related Press Release	
Sep 04, 2013	Reserve Bank announces clarifications on the recently revised Overseas Direct Investment guidelines



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

**RBI/2013-14/221
A.P. (DIR Series) Circular No.31**

September 04, 2013

To

All Authorised Dealer Category-I Banks

Madam / Sir,

External Commercial Borrowings (ECB) from the foreign equity holder

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time, relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB policy, borrowings in the form of ECB cannot be utilized for general corporate purpose.

3 On a review, it has been decided to permit eligible borrowers to avail of ECB under the approval route from their foreign equity holder company with minimum average maturity of 7 years for general corporate purposes subject to the following conditions:

- (i) Minimum paid-up equity of 25 per cent should be held directly by the lender;
- (ii) Such ECBs would not be used for any purpose not permitted under extant the ECB guidelines (including on-lending to their group companies / step-down subsidiaries in India); and
- (iii) Repayment of the principal shall commence only after completion of minimum average maturity of 7 years. No prepayment will be allowed before maturity.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of extant ECB guidelines shall remain unchanged.

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

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

Yours faithfully,

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



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

**RBI/2013-14/ 222
A.P. (DIR Series) Circular No.32**

September 04, 2013

To

All Authorised Dealer Category-I Banks

Madam / Sir,

Liberalized Remittance Scheme – Clarifications

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 24 dated August 14, 2013](#). In this connection, Reserve Bank has been receiving queries from the various stakeholders and Authorised Dealer banks. All such queries have been collated and are given at the annex together with the answers/ clarifications.

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

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

Yours faithfully,

**(C. D. Srinivasan)
Chief General Manager**

Clarifications on Liberalized Remittance Scheme (LRS)

S. No.	Query	Answer / Clarification
1.	Whether LRS can be used for acquisition of both unlisted and listed shares of an overseas company?	In terms of the extant FEMA provisions LRS can be used to acquire both listed and unlisted shares of an overseas company. The Master Circular dated July 1, 2013 has been suitably modified.
2.	Can a resident individual use the other limits under Schedule III to FEM CAT Rules 2000, as amended from time to time, such as remittances for education, health / medical expenses over and above the LRS limit?	<p>As per the current guidelines of LRS, only gift and donation (from the list of items under Schedule III to FEM CAT Rules, 2000), by a resident individual have been subsumed under the LRS limit. For all other purposes such as educational and medical expenses the limits of LRS and Schedule III to FEM CAT Rules 2000 are separate, distinct, mutually exclusive and over and above each other respectively.</p> <p>In this context, it may be noted that under the extant guidelines under FEMA the following remittances can be made over and above the annual limit of USD 75000 permissible under LRS:</p> <ul style="list-style-type: none"> a. A resident individual can make remittances for meeting expenses for medical treatment abroad up to the estimate from a doctor in India or hospital/ doctor abroad under general permission (without any RBI approval – Para 9 of Schedule III to FEM CAT Rules, 2000, as amended from time to time). b. A resident individual can make remittances up to USD 25,000 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 (without any RBI approval – Para 8 of Schedule III to FEM CAT Rules, 2000, as amended from time to time). c. A resident individual can make remittances for studies up to the estimates from the institutions abroad or USD 100,000, whichever is higher (without any RBI approval – Para 10 of Schedule III to FEM CAT Rules, 2000, as amended from time to time). This is over and above the remittance

S. No.	Query	Answer / Clarification
		<p>limit of USD 75,000 which can be made under the LRS route for the same.</p> <p>d. A resident individual can also make all other remittances (other than donation and gifts) as stipulated under Schedules III to FEM CAT Rules, 2000, as amended from time to time.</p> <p>e. A resident individual can also carry out other permissible current account transactions (transactions which are not explicitly prohibited under Schedule I, or restricted under Schedules II and III, to FEM CAT Rules, 2000, as amended from time to time) without any limits through an AD Bank in India subject to the AD bank verifying the bonafides of the transaction (para 6 to Annex 1 of ADMA Circular No.11 dated May 16, 2000).</p> <p>Therefore notwithstanding the revised guidelines and reduction in the LRS limit these guidelines do not affect genuine transactions.</p>
3.	<p>As per para 2 (iii) of AP (Dir Series) Circular No.24 dated August 14, 2013 <u>Notification FEMA 263/2013-RB is dated August 5, 2013</u> but the said Notification as available on the website is dated March 5, 2013? What is the correct date of this Notification?</p>	The said Notification is dated March 5, 2013 but gazetted on August 5, 2013. As per Regulation 1(ii) of this Notification, this Notification shall come into force from the date of publication in Official Gazette, accordingly the effective date of this notification is August 5, 2013 (while the date of the notification is March 5, 2013).
4.	Can resident individuals make remittances under LRS for investments in immovable properties abroad which were acquired under instalment basis?	Resident individuals are permitted to make remittances for acquiring immovable property within the annual limit of USD 75000 for already contracted cases, i.e. only for those contracts which were entered into on or before the date of the circular, i.e., August 14, 2013, subject to satisfaction of the genuineness of the transactions by the AD bank. Such cases should be immediately reported post facto to the Reserve Bank of India by the A D banks.



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

**RBI/2013-14/223
A.P. (DIR Series) Circular No.33**

September 04, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.26 dated August 14, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.83.45023 effective from August12, 2013.

2. AD Category-I banks are advised that a further revision has taken place on August 20, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.86.857663 with effect from August 23, 2013.

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

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

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



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

RBI/2013-14/224
A.P. (DIR Series) Circular No.34

September 04, 2013

To,

All Authorised Persons

Madam/ Dear Sir,

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

Please refer to our [A.P.\(DIR Series\) Circular No. 101 dated May 02, 2013](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdiction.

2. Financial Action Task Force (FATF) has updated its Statement on the subject and document 'Improving Global AML/CFT Compliance: on-going process' on June 21, 2013. The statement /document can be accessed from the following URLs :

<http://www.fatf-gafi.org/topics/key/public-statement-june-2013.html> and <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/compliance-june-2013.html>

3. Authorised Persons are accordingly advised to consider the information contained in the enclosed statement.

4. This, however, does not preclude Authorised Persons from legitimate transactions with these countries and jurisdictions.

5. These guidelines are also applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents / franchisees also adhere to these guidelines.

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

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

8. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999)and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as

amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/225
A.P.(DIR Series) Circular No.35

September 04, 2013

To,

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

Madam/ Dear Sir,

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

Please refer to our [A.P.\(DIR Series\) Circular No. 102 dated May 02, 2013](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdictions.

2. Financial Action Task Force (FATF) has updated its Statement on the subject and document 'Improving Global AML/CFT Compliance: on-going process' on June 21, 2013. The statement /document can be accessed from the following URLs :

<http://www.fatf-gafi.org/topics/key/public-statement-june-2013.html> and <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/compliance-june-2013.html>

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

4. This, however, does not preclude Authorised Persons (Indian Agents) from legitimate transactions with these countries and jurisdictions.

5. These guidelines would also be applicable mutatis mutandis to all Sub-Agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.

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

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

8. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission/approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/227
A.P. (DIR Series) Circular No. 36

September 4, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Risk Management and Inter Bank Dealings

Attention of Authorised Dealers Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA/25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) Circular no. 58 dated December 15, 2011](#) and [A.P. \(DIR Series\) Circular no. 13 dated July 31, 2012](#).

2. Under the extant regulations, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions. However, exporters are allowed to cancel and rebook forward contracts to the extent of 25 percent of the contracts booked in a financial year for hedging their contracted export exposures.

3. On a review of the evolving market conditions and with a view to providing operational flexibility to exporters and importers to hedge their foreign exchange risk, it has now been decided to:

(a) allow exporters to cancel and rebook forward contracts to the extent of 50 percent of the contracts booked in a financial year for hedging their contracted export exposures, and

(b) allow importers to cancel and rebook forward contracts to the extent of 25 percent of the contracts booked in a financial year for hedging their contracted import exposures.

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

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

Yours faithfully,

(Rudra Narayan Kar)

Chief General Manager-in-Charge



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

RBI/2013-14/230
A.P. (DIR Series) Circular No.37

September 05, 2013

To,

All Category - I Authorised Dealer banks

Madam / Sir,

Issue of Bank Guarantee on behalf of person resident outside India for FDI transactions

Attention of the Authorised Dealer Category – I (AD Category - I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide [Notification No. FEMA. 20/2000-RB dated May 3, 2000](#), as amended from time to time, read with Regulation 5(2A) of the Foreign Exchange Management (Deposit) Regulations notified vide [Notification No. FEMA. 5/2000-RB dated May 3, 2000](#), as amended from time to time permitting AD Category – I banks to open Escrow account and Special account on behalf of non-resident acquirer for acquisition/transfer of shares/convertible debentures of an Indian company through open offers/delisting/ exit offers, subject to compliance with the relevant SEBI [Substantial Acquisition of Shares and Takeovers (SAST)] Regulations, 1997, as amended from time to time and other applicable SEBI Regulations and subject to terms and conditions stipulated in Schedule 8 to the Notification ibid.

Further, attention of AD Category – I banks is also invited to the Foreign Exchange Management (Guarantee) Regulations, notified vide [Notification No. FEMA. 8/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which, AD Category-I banks are allowed to give guarantees for specified purposes as stated therein.

2. In order to provide operational flexibility and ease the procedures, it has been decided to permit AD Category –I bank to issue bank guarantee, without prior

approval of the Reserve Bank, on behalf of a non-resident acquiring shares or convertible debentures of an Indian company through open offers/ delisting/exit offers, provided :

- a) the transaction is in compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) [SEBI(SAST)] Regulations;
- b) the guarantee given by the AD Category –I bank is covered by a counter guarantee of a bank of international repute.

It may be noted that the guarantee shall be valid for a tenure co-terminus with the offer period as required under the SEBI (SAST) Regulations.

3. In case of invocation of the guarantee, the AD Category-I bank is required to submit to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai 400 001, a report on the circumstances leading to the invocation of the guarantee.

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

5. Reserve Bank of India has since amended the relevant Regulations vide [Notification No.FEMA.265/2013-RB dated March 05, 2013](#), notified vide G.S.R.No.532(E) dated August 05, 2013 and [Notification No. FEMA.267/2013-RB dated March 5, 2013](#) notified vide G.S.R. 573(E) dated August 27, 2013.

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

Yours faithfully,

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



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

**RBI/2013-14/232
A.P. (DIR Series) Circular No. 38**

September 6, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

**Purchase of shares on the recognised stock exchanges in accordance with
SEBI (Substantial Acquisition of Shares and Takeover) Regulations**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. At present, Foreign Institutional Investors, Qualified Foreign Investors and Non Resident Indians are eligible to acquire shares on the recognised stock exchanges in compliance with the conditions under Schedule 3, 4, 5 and 8 of FEMA Notification No. 20. A non-resident is not permitted to acquire shares on stock exchange under FDI scheme under Schedule 1 of FEMA Notification No. 20.

3. The issue of acquisition of shares under the FDI Scheme by a non-resident on a recognised stock exchange has been reviewed and as a further measure of liberalization, it has been decided that a non resident including a Non Resident Indian may acquire shares of a listed Indian company on the stock exchange through a registered broker under FDI scheme provided that:

- i. The non-resident investor has already acquired and continues to hold the control in accordance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations;
 - ii. The amount of consideration for transfer of shares to non-resident consequent to purchase on the stock exchange may be paid as below:
 - a. by way of inward remittance through normal banking channels, or
 - b. by way of debit to the NRE/FCNR account of the person concerned maintained with an authorised dealer/bank;
 - c. by debit to non-interest bearing Escrow account (in Indian Rupees) maintained in India with the AD bank in accordance with Foreign Exchange Management (Deposit) Regulations, 2000;
 - d. the consideration amount may also be paid out of the dividend payable by Indian investee company, in which the said non-resident holds control as (i) above, provided the right to receive dividend is established and the dividend amount has been credited to specially designated non -interest bearing rupee account for acquisition of shares on the floor of stock exchange.
 - iii. The pricing for subsequent transfer of shares to non-resident shareholder shall be in accordance with the pricing guidelines under FEMA;
 - iv. The original and resultant investments are in line with the extant FDI policy and FEMA regulations in respect of sectoral cap, entry route, reporting requirement, documentation, etc;
4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Reserve Bank of India has since amended the relevant Regulations vide [Notification No.FEMA.279/2013-RB dated July 10, 2013](#) notified vide G.S.R.No.591 (E) dated September 4,2013 and [Notification No.FEMA.280 /2013-RB dated July 10, 2013](#) notified vide G.S.R.No.531 (E) , dated August 5,2013.

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

Yours faithfully

(Rudra Narayan Kar)
Chief General Manager In-Charge



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

RBI/2013-14 /233

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

September 6, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Export and Import of Currency

Attention of Authorised Persons is invited to Regulation (2) of Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2009, notified vide [Notification No. FEMA 195/RB-2009 dated July 7, 2009](#), in terms of which, any person resident in India may take outside India or having gone out of India on a temporary visit, may bring into India (other than to and from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.7,500 per person.

2. As part of providing greater flexibility to the resident individuals travelling abroad, the existing limit, mentioned above, has been enhanced to Rs. 10,000 per person.

3. Accordingly, any person resident in India:

- i) may take outside India (other than to Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.10,000 (Rupees ten thousand only) per person; and
- ii) who had gone out of India on a temporary visit, may bring into India at the time of his return from any place outside India (other than from Nepal and Bhutan), currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.10,000 (Rupees ten thousand only) per person.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents, customers and foreign counter parties concerned.

5. Reserve Bank of India has since amended the relevant Regulations vide [Notification No.FEMA.258/2013-RB dated February 15, 2013](#), notified vide G.S.R.No.480(E) dated July 12, 2013

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

Yours faithfully,

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



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

**RBI/2013-14/240
A.P. (DIR Series) Circular No. 40**

September 10, 2013

To

All Category - I Authorised Dealer 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. 23 dated October 15, 2008](#), 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 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, 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 100 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 50 per cent (excluding borrowings for financing of export credit in foreign currency and capital instruments).

3. In view of the prevailing market conditions, it has further been decided that AD Category I banks, at their option, can enter into a swap transaction with RBI in respect of the borrowings raised after the date of this circular. The swaps shall be available at a concessional rate of a hundred basis points below the market rate for all fresh borrowing with a minimum tenor of one year and a maximum tenor of three years, irrespective of whether such borrowings are in excess of fifty per cent of their unimpaired Tier I capital or not. Further, while the swaps shall be for the entire tenor of the borrowing, the rate shall be reset after every one year from the date of the swap at hundred basis points lower than the market rate prevailing on the date of reset. While the banks are free to borrow in any freely convertible currency, the swap will be available only for conversion of USD equivalent into Rupees and the USD equivalent shall be computed at the relevant cross rate prevailing on the date of the swap. Category I AD banks may contact the Principal Chief General Manager, Financial Markets Department, Reserve Bank of India, Central Office for availing of the swap facility. The concessional swap window shall be open till November 30, 2013. It may be noted that RBI reserves the right to decline a swap transaction or to withdraw this facility before November 30, 2013 after due notice. All other instructions contained in A. P. (DIR Series) Circular No.81 dated March 24, 2004 remain unchanged.

4. Further, the borrowings beyond the hitherto permitted level of 50 per cent of their unimpaired Tier I capital will have to subject to the following conditions:

- (i) The bank should have a Board approved policy on overseas borrowings which shall contain the risk management practices that the bank would adhere to while borrowing abroad in foreign currency;
- (ii) The bank should maintain a CRAR of 12.0 per cent.
- (iii) The borrowings beyond the existing ceiling shall be with a minimum maturity of three years.
- (iv) All other existing norms (FEMA regulations, NOPL norms etc.) shall continue to be applicable.

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

6. Reserve Bank of India has since amended the relevant Regulations vide [Notification No.FEMA.286/2013-RB dated September 05, 2013](#), notified vide G.S.R.No.595(E) dated September 06, 2013.

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

Yours faithfully,

(C.D. Srinivasan)
Chief General Manager



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

**RBI/2013-14 /241
A.P. (DIR Series) Circular No. 41**

September 10, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Overseas Direct Investment – Amendment

Attention of the Authorised Dealer (AD - Category I) banks is invited to para 2(iv)(b) of [A. P. \(DIR Series\) Circular No. 69 dated May 27, 2011](#) on Overseas Direct Investment – Liberalization / Rationalization, which reads as under:

“(b) Further, it has also been decided that issue of corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian Party directly or indirectly holds 51 per cent or more stake in the overseas subsidiary for which such guarantee is intended to be issued.”

2. The contents of the paragraph are amended to read as under:

“(b) Further, it has also been decided that issue of corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian Party indirectly holds 51 per cent or more stake in the overseas subsidiary for which such guarantee is intended to be issued.”

3. All other contents of the A.P. (DIR Series) Circular No. 69 dated May 27, 2011 shall remain un-changed.

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

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

Yours faithfully,

(C.D.Srinivasan)

Chief General Manager



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

RBI/2013-14/251
A. P. (DIR Series) Circular No.42

September 12, 2013

To
All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign Investment in India – Guidelines for calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Para 6 (ii) of Annex to [A.P. \(DIR Series\) Circular No. 1 dated July 04, 2013](#) as regards downstream investments by an Indian company which is not owned and/or controlled by resident entity/ies. .

2. On review of the policy, it has now been decided to amend condition at (d) in the aforesaid para. The amended condition is given in the Annex.
3. All the other conditions contained in the A.P. (DIR Series) Circular No.1 dated July 04, 2013, shall remain unchanged.
4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Reserve Bank has since amended the Regulations and notified vide [Notification No.FEMA.284/2013-RB dated August 27, 2013](#) and notified vide G.S.R.596 (E) dated September 06, 2013.
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,

(C.D. Srinivasan)
Chief General Manager

[Annex to A.P.(DIR Series)
Circular No.42 dated 12.09.2013]

c.f. Annex to A.P.(DIR Series) Circular No. 1 dated July 04, 2013	Earlier Condition	Revised condition
ParaE 6 (ii) (d)	<p>For the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not use funds borrowed in the domestic market. This would, however, not preclude downstream operating companies, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company engaged only in activity of investing in the capital of another Indian company/ies, subject to the provisions above and as also elaborated below:</p>	<p>For the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not use funds borrowed in the domestic market. This would, however, not preclude downstream operating companies, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company, subject to the provisions of clause 6(i) and as also elaborated below:</p>



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

RBI/2013-14/254
A.P. (DIR Series) Circular No.43

September 13, 2013

To
All Authorised Dealers in Foreign Exchange

Madam / Sir,

**Export of Goods and Services-
Simplification and Revision of Declaration Form for Exports of Goods/Softwares**

Attention of the Authorised Dealers is invited to Regulation 6 of the [Notification No.FEMA 23/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, as amended by the [Notification No.FEMA 36/2001-RB dated February 27, 2001](#) and [A.P. \(DIR Series\) Circular No. 80 dated February 15, 2012](#), in terms of which every exporter of goods or softwares has to give declaration in one of the forms (GR/PP/SDF/SOFTEX/Bulk SOFTEX) and submit it to the specified authority for certification.

2. In order to simplify the existing form used for declaration of exports of Goods/Softwares, a common form called "Export Declaration Form" (EDF) has been devised to declare all types of export of goods from **Non-EDI** ports and a common "SOFTEX Form" to declare single as well as bulk software exports. The EDF will replace the existing GR/PP form used for declaration of export of Goods. The procedure relating to the exports of goods through EDI ports will remain the same and SDF form will be applicable as hitherto. The EDF and SOFTEX form have been given in [Annex I](#) and [Annex II](#) respectively.
3. Under the revised procedure, the exporters will have to declare all the export transactions, **including those less than US\$25000**, in the form as applicable.
4. Reserve Bank of India will be extending the facilities to exporters for online generation of SOFTEX Form No. (Single as well as Bulk) for use in Off-Site Software exports, in addition to EDF Form No. (Present web-based process of generation of GR Form No. gets replaced) through its website www.rbi.org.in. In order to generate the above number, the applicant has to fill-in the online form (Path www.rbi.org.in → Forms → FEMA Forms → Printing EDF/SOFTEX Form No.) , thereafter, the related EDF/SOFTEX Form No. would be generated for each transaction by the applicant exporter. The specimen of online form and

the advice are given in Annex III. The present facility of manual allotment of single as well bulk SOFTEX form number by Regional Offices of RBI would be dispensed with accordingly.

5. The Foreign Exchange Management Act (FEMA) requires exporters to complete the EDF/SOFTEX Form using the number so allotted and submit them to the specified authority first for certification and then to AD for necessary action as hitherto.
6. The above instruction will come into force from **October 1, 2013**. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.
7. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager

EXPORT DECLARATION FORM

Annex I

1.		General Information:		
Customs Security No.:		Form No:		
Nature of Cargo: [] Government [] Non-Government	Shipping Bill No. & Date:	Mode of Transport: [] Air [] Land [] Sea [] Post/Couriers [] others		
Category of Exporter: [] Custom (DTA units) [] SEZ [] Status holder exporters [] 100% EOU [] Warehouse export [] others (Specify).....		RBI approval no. & date, if any:		
IE Code:		AD code:		
Exporters Name & Address:		AD Name & Address:		
Consignee's Name & Address:		Mode of Realisation : [] L/C [] BG [] Others (advance payment, etc. including transfer/remittance to bank account maintained overseas)		
		Port of Loading / Source Port in case of SEZ :		
Name of the Indian bank and AD code, in case of LC/BG		Country of Destination:	Port of Discharge:	
		Whether payment to be Received through ACU? [] Yes [] No	Let Export order (LEO) Date:	
General Commodity Description:		State of Origin of Goods:		
Total FOB value in words (INR):		Custom Assessable value (INR)*:		
2. Invoice –Wise details of Export Value (If more than one invoice for a particular shipping bill , the block 2 will repeat as many times of invoices)				
Invoice No.	Invoice Currency: Invoice Amount:		Nature of Contract: [] FOB [] CIF [] C&F [] CI [] Others	
Particulars	Currency	Amount in FC	Exchange Rate	Amount (INR)
FOB Value				
Freight				
Insurance				
Commission				
Discount				
Other Deduction				
Packing Charges				
Net Realisable value				

EXPORT DECLARATION FORM- Cont.

3. Applicable for Export under FPO/Couriers	
Name of the post Office:	
Number & date of Parcel receipts :	Stamp & Signature of Authorised Dealer
4. Declaration by the Exporters (All types of exports)	
I/We hereby declare that I/we @am/are the seller/consignor of the goods in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We undertake that I/we will deliver to the authorised dealer bank named above the foreign exchange representing the full value of the goods exported as above on or before..... (i.e. within the period of realisation stipulated by RBI from time to time) in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999.	
I/We @ am/are not in the Caution List of the Reserve Bank of India.	
Date:	(Signature of Exporter)
5. Space for use of the competent authority (i.e. Custom/SEZ) on behalf of Ministry concerned:	
Certified, on the basis of above declaration by the Custom/SEZ unit, that the Goods described above and the export value declared by the exporter in this form is as per the corresponding invoice/gist of invoices submitted and declared by the Unit.	
Date:	(Signature of Designated/Authorised officials of Custom /SEZ)

@ Strike out whichever is not applicable.

** Unit declared Value in case of exports affected from SEZs*

Annex II

Format of Softex Forms submitted in bulk														
Summary Sheet														
<u>Section - A</u>														
Name and address of Exporter								IEC Code.						
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)								Date of LOP issued						
Name of Authorised Datacom Service Provider								STPI/SEZ Centre						
Name and address of Authorised Dealer/Bank								Authorized Dealer Code						
<u>Section - B</u>														
List of Invoices for offshore export value through datacom link														
Period of Invoices raised from _____ to _____														
Sr. No.	Softex No.	Name of the Client	Address of the Client	Country	Internal project code/Contract/Agreement No & date	Type of S/W Exported	Mode of realisation	Invoice Number	Invoice Date (DD/MM/YY)	Currency	Analysis of Export Value			
											Value of software Export (A)	Transmission Charge (B)	Commission (C)	Deduction (D)
<u>SECTION - C</u>														
DECLARATION BY EXPORTER														
<p>I/We@ hereby declare that I/we@ am/are@ the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We@ also declare that the software has been developed and exported by using Authorised and legitimate datacom link and certified that the software described above was actually transmitted. I/We @ undertake that I/we@ will deliver to the authorised dealer bank named above the foreign exchange representing the full value of the software exported as above on or before.....(i.e. within the period of realisation stipulated by RBI from time to time) in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999.</p>														

I/We @ am/are not in the Caution List of the Reserve Bank of India.

Place:

Date:

Name:

Designation:

Stamp

(Signature of the
Exporter)

Space for use of the competent authority in STPI/EPZ/SEZ

Certified, on the basis of above declaration by the SEZ/STPI unit, that the software described above and the export value declared by the exporter in this form is as per the corresponding invoice/gist of invoices submitted and declared by the Unit.

Place:

Date:

Name :

Designation:

Stamp

(Signature of the Designated/Authorised
Official of STPI/EPZ/SEZ)

@ Strike out whichever is not applicable

Format of Softex Forms submitted in bulk for royalty receipt

Summary Sheet

Section - A

Name and address of Exporter		IEC Code.	
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)		Date of LOP issued	
Name of Authorised Datacom Service Provider		STPI/SEZ centre	
Name and address of Authorised Dealer/Bank		Authorized Dealer Code	

Section - B

List of Invoices for offshore export value through datacom link

Details of invoices for Royalty on software Packages/products exported during the Period raised from _____ to _____

Sl No	SOFTEX X No	Name of Client	Address of Client	Country	Currenc y	Invoice Number	Invoice Date (DD/MM/YY YY)	Unique Internal Project code/Cont ract/ Agreemen t/PO Date	Offshore Export value in Invoice currency	Type of software Exported	Details of Software Packages / Products exported		Mode of realisation of Royalty value	Calculation of Royalty amount	
											GR/SDF/ PP/SOFT EX /EDF Form No. on which exports were declared	Date of Export	Royalty agreement details		
													% age and amount of royalty	Period of Royalty agreement	

SECTION - C

DECLARATION BY EXPORTER

I/We@ hereby declare that I/we@ am/are@ the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We@ also declare that the software has been developed and exported by using Authorised and legitimate datacom link and certified that the software described above was actually transmitted. I/We@ undertake that I/we@ will deliver to the authorised dealer bank named above the foreign exchange representing the full value of the software exported as above on or before..... (i.e. within the period of realisation stipulated by RBI from time to time) in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999.

I/We @ am/are not in the Caution List of the Reserve Bank of India.

Place:

Date:

Name :

Designation:

(Signature of Exporter)

Stamp

Space for use of the competent authority in STPI/EPZ/SEZ

Certified, on the basis of above declaration by the SEZ/STPI unit, that the software described above and the export value declared by the exporter in this form is as per the corresponding invoice/gist of invoices submitted and declared by the Unit.

Place:

Date:

Name :

Designation:

Stamp

(Signature of the
Designated/Authorised
Official of STPI/EPZ/SEZ
)

@ Strike out whichever is not applicable

Annex III**Form to fill up by the exporters to generate the form Number from RBI Website**

Name*	
IE Code*	
Address*
Telephone No.*	
Email*	
Fax	
Type of Export*	Drop down option 1. [] Goods 2. [] Software
Mode of Export*	Drop down option (if type of export is Goods) 1. [] Post Parcel/Couriers 2. [] Others
Form No*.	Drop down option (if type of export is Software) 1. [] Single 2. [] Bulk
Numbers of Form	----- {Maximum 50 forms Nos.} (in case of bulk option is selected)



भारतीय रिजर्व बैंक
RESERVE BANK OF INDIA

www.rbi.org.in

Date:

<Exporter Name>,
<IE code>,
<Add1>,
<Add2>,
<Add3>

Dear Sir/Madam,

Allotment of Form Number for export of Goods/Software

In respect of your request, the on-line form no. < > has been allotted by Reserve Bank of India.

2. The Foreign Exchange Management Act requires exporters to complete the EDF/SOFTEX Form using the allotted number and submit them to the specified authority.

Yours faithfully,

Chief General Manager
Foreign Exchange Department
Reserve Bank of India

Note: It is an electronic generated letter on which signature is not required.



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

**RBI/2013-14/255
A.P. (DIR Series) Circular No. 44**

September 13, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Foreign Direct Investment (FDI) in India – Review of FDI policy – definition for control and sector specific conditions

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Annex B of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#), as amended from time to time whereby description of sectors/activities wherein the entry norms, sectoral cap and other conditions for sectors/activities in which FDI is permitted under Government route and Automatic route are specified.

2. Attention of Authorised Dealer Category – I (AD Category-I) banks is also invited to [Annex](#) to A.P. (DIR Series) Circular 01 of July 04, 2013 whereby the definitions for ownership and control for an Indian company has been given .

3. It has been decided to revise the definition of the term 'control' as under;

'Control' shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.

4. Government of Himachal Pradesh and Karnataka have given consent to implement the FDI policy on Multi Brand Retail Trading in Himachal Pradesh and Karnataka respectively. As such, the list of States/Union Territories which have

conveyed their concurrence stands modified. Further, the extant policy on FDI caps and routes for various sectors has since been reviewed. Accordingly, in order to bring uniformity in the sectoral classification position for FDI as notified under the Consolidated FDI Policy Circular with the FEMA Regulations, Annex B of Schedule 1 to Notification No. FEMA. 20/2000-RB dated 3rd May 2000, has been suitably revised and the updated list is given at the Annex.

5. A copy each of [Press Note No.1 \(2013 Series\) dated June 3, 2013](#), [Press Note No. 3 \(2013 Series\) dated July 4, 2013](#) and [Press Note Nos. 4, 5 and 6 \(2013 Series\) dated August 22, 2013](#) issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India in this regard is enclosed.

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

7. Reserve Bank has since amended the Regulations and notified vide [Notification No. FEMA. 285/2013-RB dated August 30, 2013](#) vide G.S.R. No.597(E).

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

Yours faithfully,

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

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

RBI/2013-14/259

September 16, 2013

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

To,

All Authorised Persons in Foreign Exchange

Madam/ Dear Sir,

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

Attention of Authorised Persons is invited to Para 2 (b) of the [A.P.\(DIR Series\)](#)
[Circular No.38 dated October 25, 2011.](#)

2. On a review, it has been decided to allow non-residents to carry Indian currency upto a maximum of ₹.10,000/- beyond Immigration/Customs desk to the Duty Free Area/Security Hold Area (SHA) in the departure hall in international airports in India for meeting miscellaneous expenditures subject to the condition that non-residents will not be allowed to carry any Indian Rupee beyond SHA and that they should dispose of Indian currency before boarding the plane.

3. In order to provide money changing facility to non-residents to convert unspent Indian Rupees with them, Foreign Exchange Counters in the departure halls in international airports in India may be established in the Duty Free Area/SHA beyond the Immigration/ Customs desk. Such Foreign Exchange Counters will however, only buy Indian Rupees from non-residents and sell foreign currency to them subject to usual terms and conditions. Putting up suitable display at these counters, reminding the passengers that the area is the last point for non-

residents to possess Indian Rupees (INR) will be the responsibility of the Airport Authorities.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act, ibid.

Yours faithfully,

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



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

**RBI/2013-14/265
A.P. (DIR Series) Circular No. 46**

September 17, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Overseas forex trading through electronic / internet trading portals

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 53 dated April 07, 2011](#) and [A.P. \(DIR Series\) Circular No. 46 dated November 17, 2011](#) wherein AD Category I banks were advised to exercise due caution and be extra vigilant in respect of the margin payments being made by the public for online forex trading transactions through credit cards / deposits in various accounts maintained with banks in India. Further, AD Category-I banks were also advised to exercise due caution in respect of the accounts being opened in the name of individuals or proprietary concerns at different bank branches for collecting the margin money, investment money, etc. in connection with such transactions.

2. However, it has been observed that some banking customers continue to undertake online trading in foreign exchange on portals / websites offering such schemes wherein they initially remit funds from Indian bank accounts using credit cards or other electronic channels to overseas websites / entities and subsequently receive cash refunds from the same overseas entities into their credit card or bank accounts.

3. With a view to further strengthening the restrictions on such online activities which are in violation of FEMA, 1999, AD Category I banks are hereby directed as follows:

(i) All AD Category I banks who offer credit cards or online banking facilities to their customers should advise their customers that any person resident in India collecting and effecting / remitting payments directly /indirectly outside India in any form towards overseas foreign exchange trading through electronic/internet trading portals would make himself/ herself / themselves liable to be proceeded against with for contravention of the Foreign Exchange Management Act (FEMA), 1999 besides being liable for violation of regulations relating to Know Your Customer (KYC) norms / Anti Money Laundering (AML) standards.

(ii) As and when any AD category I bank comes across any prohibited transaction undertaken by its credit card or online banking customer the bank will immediately close the card or account of the defaulting customer and report the same to Chief General Manager-in-Charge, Forex Markets Division, Foreign Exchange Department, Reserve Bank of India, Central Office, 5th Floor, Amar Building, P.M. Road, Mumbai – 400001 in the format provided in the Annex to this circular.

4. If it is observed that the concerned AD category I bank has failed to carry out the measures as outlined above, Reserve Bank of India may proceed against the defaulting bank under section 11(3) of FEMA, 1999 and take any action as may be deemed necessary.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned. The instructions contained in this circular may also be brought to the attention of the card issuing companies who may also be advised to remain alert against permitting payments for such unauthorized transactions.

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

Yours faithfully,

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

Reporting of Online Transactions prohibited under FEMA 1999 (Act 42 of 1999)

Sr. No.	<i>Name of the AD Category I Bank</i>	
1	Name and Designation of the reporting official / Head of Compliance	
2	Contact Details of the reporting official / Head of Compliance	
<i>Details of the online transactions</i>		
3	Name of the Customer / Cardholder	
4	Card / bank account number	
5	Name / URL of the website / portal where the transactions were undertaken	
6	Date of detection by the bank	
7	Date wise amount of debits / credits	
8	Date of closing the card / bank account	

Declaration by Authorised official of the bank

I have examined the above transactions and concluded that the same were prohibited as remittance in any form towards overseas foreign exchange trading through electronic / internet trading portals is not permitted under the Foreign Exchange Management Act (FEMA), 1999.

(Name & signature)

Date:

Place:



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

RBI/2013-14/266
A.P. (DIR Series) Circular No. 47

September 17, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.33 dated September 04, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.86.857663 effective from August 23, 2013.

2. AD Category-I banks are advised that a further revision has taken place on August 28, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.92.985396 with effect from September 02, 2013.

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

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

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



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

RBI/2013-14/270
A.P. (DIR Series) Circular No. 48

September 18, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Liberalisation of definition of Infrastructure Sector

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. 20 dated October 8, 2008](#) and [A.P. \(DIR Series\) Circular No. 38 dated March 02, 2010](#) relating to External Commercial Borrowings (ECB).

2. The existing definition of infrastructure sector for the purpose of availing ECB includes: (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport (vi) industrial parks (vii) urban infrastructure (water supply, sanitation and sewage projects), (viii) mining, exploration and refining, (ix) cold storage or cold room facility, including farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat.

3. Taking into account the Harmonised Master List of Infrastructure sub-sectors and Institutional Mechanism for its updation approved by Government of India vide Notification F. No. 13/06/2009-INF dated March 27, 2012, it has been decided to expand the existing definition for infrastructure sector for the purpose of availing ECB. The expanded infrastructure sector and sub-sectors for the purpose of ECB include:

(a) Energy which will include (i) electricity generation, (ii) electricity transmission, (iii) electricity distribution, (iv) oil pipelines, (v) oil/gas/liquefied natural gas (LNG) storage facility (includes strategic storage of crude oil) and (vi) gas pipelines (includes city gas distribution network);

(b) Communication which will include (i) mobile telephony services / companies providing cellular services, (ii) fixed network telecommunication (includes optic fibre / cable networks which provide broadband / internet) and (iii) telecommunication towers;

(c) Transport which will include (i) railways (railway track, tunnel, viaduct, bridges and includes supporting terminal infrastructure such as loading / unloading terminals, stations and buildings), (ii) roads and bridges, (iii) ports, (iv) inland waterways, (v) airport and (vi) urban public transport (except rolling stock in case of urban road transport);

(d) Water and sanitation which will include (i) water supply pipelines, (ii) solid waste management, (iii) water treatment plants, (iv) sewage projects (sewage collection, treatment and disposal system), (v) irrigation (dams, channels, embankments, etc.) and (vi) storm water drainage system;

(e) (i) mining, (ii) exploration and (iii) refining;

(f) Social and commercial infrastructure which will include (i) hospitals (capital stock and includes medical colleges and para medical training institutes), (ii) Hotel Sector which will include hotels with fixed capital investment of Rs. 200 crore and above, convention centres with fixed capital investment of Rs. 300 crore and above and three star or higher category classified hotels located outside cities with population of more than 1 million (fixed capital investment is excluding of land value), (iii) common infrastructure for industrial parks, SEZs, tourism facilities, (iv) fertilizer (capital investment), (v) post harvest storage infrastructure for agriculture and horticulture produce including cold storage, (vi) soil testing laboratories and (vii) cold chain (includes cold room facility for farm level pre-cooling, for preservation or storage or agriculture and allied produce, marine products and meat).

4. All other aspects of ECB policy shall remain unchanged.
5. These instructions shall come in to effect immediately and are subject to review based on the experience gained in this regard.
6. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 have

been issued vide [Notification No. FEMA 281/2013-RB dated July 19, 2013](#)
notified vide G.S.R. No. 627(E) dated September 12, 2013.

7. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers.
8. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals required, if any, under any other law.

Yours faithfully

**Rudra Narayan Kar
Chief General Manager-in-Charge**



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

**RBI/2013-14/275
A.P. (DIR Series) Circular No. 49**

September 20, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.47 dated September 17, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.92.985396 effective from September 02, 2013.

2. AD Category-I banks are advised that a further revision has taken place on August 30, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.90.052266 with effect from September 04, 2013.

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

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

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



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

RBI/2013-14/285
A.P. (DIR Series) Circular No. 50

September 20, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Opening of Trading Office / Non-Trading Office / Branch Office/
Representative Office abroad**

Attention of Authorized Dealers (AD) is invited to [A. P. \(DIR Series\) Circular
No. 39 dated April 20, 2002](#) in terms of which statement in Form ORA was to be submitted to the Regional Offices of Reserve Bank on half yearly basis instead of on a monthly basis by the Authorized Dealers.

2. On a review, it has been decided to discontinue the practice of forwarding the statement in Form ORA to the respective Regional Office of Reserve Bank by the Authorized Dealers. Authorized Dealers may, however, continue to maintain the particulars of approvals granted for opening of Trading Office / Non-Trading Office / Branch Office/ Representative Office at their end.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/286
A.P. (DIR Series) Circular No. 51

September 20, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Export of Goods and Services – Project Exports

Attention of Authorized Dealers (AD) is invited to [A. P. \(DIR Series\) Circular No. 32 dated October 28, 2003](#) in terms of which Memorandum of Instructions on Project and Service Exports (PEM) had been revised and [A. P. \(DIR Series\) Circular No. 118 dated June 26, 2013](#) in terms of which the time limit to submit form DPX 1, PEX-1 and TCS-1 was increased to 30 days of entering contract for grant of post-award approval.

2. With specific reference to Para B.7, Para B.9, Para C.5 and Para C.6 of Memorandum of Instructions on Project and Service Exports (PEM), enclosed to A. P. (DIR Series) Circular No. 32 dated October 28, 2003, it has been decided that submission of forms DPX1, PEX-1, TCS-1 and DPX-3, to the Office of the Reserve Bank of India (Foreign Exchange Department) within whose jurisdiction the Head Office of the exporter is situated, by the Approving Authority (AA) such as AD Bank / Exim Bank/ Working Group may be dispensed with. However, submission of these forms to ECGC and Exim Bank where their participatory interests by way of funded / non-funded facilities, insurance /risk cover, etc are involved may continue.

3. All other instructions issued in terms of PEM, notified vide A. P. (DIR Series) Circular No. 32 dated October 28, 2003 and A.P. (DIR Series) Circular No. 118 dated June 26, 2013, shall remain unchanged.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/289

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

September 24, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 22.50 million
to the Government of Burkina Faso**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated January 18, 2013 with the Government of Burkina Faso, for making available to the latter, a Line of Credit (LOC) of USD 22.50 million (USD Twenty-Two million Five Hundred Thousand only) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing a low cost housing and economical buildings' project in Burkina Faso. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services 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 13, 2013 and the date of execution of Agreement is January 18, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (January 17, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C. D. Srinivasan)

Chief General Manager



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

RBI/2013-14/290

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

September 24, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Import into India

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 87 dated April 17, 2004](#), [A.P. \(DIR Series\) Circular No. 24 dated November 01, 2004](#), [A.P. \(DIR Series\) Circular No. 28 dated September 11, 2012](#) and [A.P. \(DIR Series\) Circular No. 59 dated December 14, 2012](#) regarding Trade Credits for import into India.

2. As per the extant guidelines, AD Category - I banks may approve availing of trade credit not exceeding USD 20 million up to a maximum period of five years (from the date of shipment) for companies in the infrastructure sector, subject to certain terms and conditions stipulated therein. It is also stipulated that AD Category - I banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years. No roll-over/extension is permitted beyond the permissible period.

3. On a review, it has been decided to allow companies in all sectors to avail of trade credit not exceeding USD 20 million up to a maximum period of five years for import of capital goods as classified by Director General of Foreign Trade (DGFT). It

has also been decided to relax the *ab-initio* contract period of 15 (fifteen) months for all trade credits to 6 (six) months.

4. AD Category - I banks are, however, not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years.
5. All other aspects of Trade Credit policy will remain unchanged and should be complied with. The amended Trade Credit policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.
6. 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 required, if any, under any other law.

Yours faithfully

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



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

RBI/2013-14/293

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

September 25, 2013

To,

All Category - I Authorised Dealer 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. 40 dated September 10, 2013](#), in terms of which AD Category I banks were allowed to borrow beyond 50 per cent of their unimpaired Tier I capital subject, inter alia, to the condition that the borrowing would have a minimum maturity of three years.

2. On a review, it has been decided to lower the requirement of minimum maturity from three years to one year for the aforesaid borrowings made on or before November 30, 2013 for the purpose of availing of the Swap facility from the Reserve Bank of India. It may be noted that after the said date, foreign currency borrowing by AD Category I banks beyond 50 per cent of their Tier I Capital shall have to be of a minimum maturity of three years.

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

Yours faithfully

**(Rudra Narayan Kar)
Chief General Manager-in-Charge**



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

**RBI/2013-14/294
A.P. (DIR Series) Circular No. 55**

September 26, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.49 dated September 20, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.90.052266 effective from September 04, 2013.

2. AD Category-I banks are advised that a further revision has taken place on September 10, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.86.903352 with effect from September 13, 2013.
3. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.
4. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



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

RBI/2013-14/301

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

September 30, 2013

To,

All Authorised Dealer Category - I Banks

Madam / Sir

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

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the [A.P. \(DIR Series\) Circular No. 9 dated July 11, 2013](#) relating to all-in-cost ceiling of Trade Credits for imports into India.

2. On a review it has been decided that the all-in-cost ceiling as specified under paragraph 4 of [A.P. \(DIR Series\) Circular No.28 dated September 11, 2012](#) will continue to be applicable till March 31, 2014 and is subject to review thereafter.
3. All other aspects of Trade Credit policy remain unchanged. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/302

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

September 30, 2013

To

All Authorised Dealer Category – I Banks

Madam / Sir

External Commercial Borrowings (ECB) Policy – ECB proceeds for acquisition of shares under the Government's disinvestment programme of PSUs - Clarification

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](#), relating to External Commercial Borrowings (ECB) as amended from time to time in terms of which ECB proceeds is permitted to be used in the first stage acquisition of shares in the disinvestment process and also in the mandatory second stage offer to the public under the Government's disinvestment programme of the public sector undertakings (PSUs) shares.

2. It is clarified that ECB is allowed for all subsequent stages of acquisition of shares in the disinvestment process under the Government's disinvestment programme of the PSU shares; in other words, facility of ECB is available for multiple rounds of disinvestment of PSU shares under the Government disinvestment programme.
3. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals required, if any, under any other law.

Yours faithfully

(C D Srinivasan)
Chief General Manager



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

RBI/2013-14/ 303

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

September 30, 2013

To, All Authorized Dealer Category - I Banks

Madam / Sir

External Commercial Borrowings (ECB) Policy — Review of all-in-cost ceiling

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 11 dated July 11, 2013](#) relating to the all-in-cost ceiling for ECB.

2. On a review, it has been decided that the all-in-cost ceiling as specified under paragraph 2 of [A.P. \(DIR Series\) Circular No. 99 dated March 30, 2012](#) will continue to be applicable till March 31, 2014 and subject to review thereafter. All other aspects of ECB policy remain unchanged.
3. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/304

A.P. (DIR Series) Circular No 59

September 30, 2013

To,

All Authorised Dealer Category - I Banks

Madam / Sir

**External Commercial Borrowings (ECB) Policy –
Refinancing / Rescheduling of ECB**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A. P. \(DIR Series\) Circular No. 5 dated August 01, 2005](#) and [A.P. \(DIR Series\) Circular No. 112 dated April 20, 2012](#) relating to External Commercial Borrowings (ECB).

2. As per the extant guidelines, the eligible borrowers desirous of refinancing an existing ECB can raise fresh ECB at a higher all-in-cost / reschedule an existing ECB at a higher all-in-cost under the approval route subject to the condition that the enhanced all-in-cost does not exceed the all-in-cost ceiling prescribed as per extant guidelines.
3. On a review, it has been decided to discontinue this facility allowing eligible borrowers to raise ECB at a higher all-in-cost to refinance / reschedule an existing ECB with effect from October 01, 2013.
4. The scheme of refinance of existing ECB by raising fresh ECB at lower all-in-cost, subject to the condition that the outstanding maturity of the original ECB is either maintained or extended, will continue as hitherto under the automatic route and approval route as the case may be.
5. All other aspects of ECB policy shall remain unchanged. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. The directions contained in this circular have been issued under sections 10 (4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/306
A.P. (DIR Series) Circular No.60

October 01, 2013

To
All Category - I Authorized Dealer Banks

Madam / Sir,

Export Outstanding Statement (XOS)
Online Bank wide Submission

Attention of Authorized Dealer Category – I (AD Category – I) banks is invited to [A. P.](#) [\(DIR Series\) Circular No. 12 dated September 9, 2000](#) in terms of which AD Category – I banks are required to furnish to the Regional Office concerned of the Reserve Bank, a consolidated statement in Form XOS giving details of all export bills outstanding beyond six months from the date of export on a half yearly basis as at the end of June and December every year.

2. It has been decided that with effect from the half year ending December 2013, XOS submission should be made online and Bank-wide instead of the present system of branch-wise submission through the respective Regional Offices of Reserve Bank of India. Accordingly, AD Category-I Banks are advised to designate a Nodal Branch which shall be submitting the XOS data for the AD Bank as a whole. Further, the software for Bank-wide online submission of XOS data would allow direct access to the all AD Category – I Banks to the RBI server to enable uploading of the XOS data directly to RBI server for which the necessary User ID and Password would be allotted to them in due course.

3. For the benefit of AD Category – I banks, demonstration of the above software changes have also been carried out on July 26, 2013. Further, the “CSV” file format and Bank User Manual for the related software changes have also been shared via e-mail.

4. AD Category – I banks may accordingly, put in place the requisite infrastructure and processes at their end. They may test check the proper uploading of data by sending across to us their sample test data at [e-mail](#) up till October 31, 2013. After checking the same, Reserve Bank shall send the feedback report to the respective AD Category – I banks.

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

Yours faithfully,

(C.D Srinivasan)
Chief General Manager



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

RBI/2013-14/323
A.P. (DIR Series) Circular No. 61

October 10, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Foreign Currency Borrowings by Authorised Dealer Banks

Attention of Authorised Dealer Category I banks is invited to Regulation no. (4)(2)(i) of [Notification No. FEMA 3/RB-2000 dated May 3, 2000](#) as amended from time to time and A.P.(DIR Series) circular no. 23 dated October 15, 2008 in terms of which, inter alia, AD Category - I banks may borrow funds from their Head Office, overseas branches and correspondents and avail overdraft in the nostro accounts up to a limit of hundred 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 (excluding borrowings for financing of export credit in foreign currency and capital instruments).

2. With a view to providing greater flexibility to AD Category - I banks in seeking access to overseas funds, Reserve Bank has amended Regulation no. (4)(2)(i) vide [Notification No.FEMA.288/2013-RB dated September 26, 2013](#) published in the Official Gazette vide G.S.R.No.668 (E) on October 1, 2013. Henceforth, authorised dealers may borrow from their Head Office or overseas branches or correspondents outside India or any other entity as permitted by Reserve Bank up to hundred per cent of its unimpaired Tier I capital or USD 10 million, whichever is higher, subject to such conditions as the Reserve Bank may direct. A copy of the amendment notification is placed as annex to this circular.

3. Accordingly, permission is hereby granted to AD Category I banks to borrow from international / multilateral financial institutions for a limited period up to November 30, 2013. Such borrowings should be for the purpose of general

banking business and not for capital augmentation and shall be subject to the conditions stipulated in the [A.P. \(DIR Series\) circulars no. 40, 2013 dated September 10, 2013](#). Further, such borrowings shall be eligible for the concessional swap facility of RBI as per A.P. (DIR Series) circulars no. 40, 2013 dated September 10, 2013 and [54 dated September 25, 2013](#).

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

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



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

RBI/2013-14/325
A.P. (DIR Series) Circular No. 62

October 14, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

**Closing of Old Outstanding Bills:
Export-Follow-up –XOS Statements**

Attention of Authorized Dealer Category – I (AD Category – I) banks is invited to [A. P. \(DIR Series\) Circular No. 12 dated September 9, 2000](#) in terms of which AD Category – I banks are required to furnish to the Regional Office concerned of the Reserve Bank, a consolidated statement in Form XOS giving details of all export bills outstanding beyond six months from the date of export on a half yearly basis as at the end of June and December every year.

2. On a review, it has been decided that an old export bill may be closed by AD banks as a one time measure, provided that the case is not subject matter of any pending civil suit /criminal suit ; the exporter has not come to the adverse notice of the Directorate of Enforcement (DoE) / Central Bureau of Investigation (CBI)/Directorate of Revenue Intelligence (DRI) /any such other law enforcement agency; has no externalisation problems with the export recipient countries and the export bill falls under following categories:

- i. With ceiling of USD 1, 00,000 and outstanding beyond 15 years as on December 31,2012
- ii. With ceiling of USD 50,000 and outstanding for more than 5 years as on December 31, 2012, where customers not traceable subject to proof of non traceability from competent authority and under bank's internal boards approved policy.

3. Report of closed cases should be submitted to concerned Regional Offices of Reserve Bank of India by AD banks in an excel sheet as per the format given in Annex.

4. After closing of cases, there will be no further follow up by ADs and these outstanding bills will not be reported in future Export Outstanding Statements (XOS).

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

Yours faithfully,

(C.D Srinivasan)
Chief General Manager

Format for submitting of Export Outstanding data

*M-Mandatory, O-Optional

S.No.	Field	Type	Width	M/O*	Remarks
1	AD code of the bank	Varchar	7	M	
2	Imp/Exp code No.	Varchar	10	M	
3	Name of the Exporter	Varchar	40	M	
4	Exporter's address Line 1	Varchar	50	O	
5	Exporter's address Line 2	Varchar	50	O	
6	City	Varchar	30	O	
7	Pin code	Varchar	6	O	
8	Export under GR/SDF	Varchar	6	M	Values: GR/SDF/SOFTEX
9	Export bill no	Varchar	20	M	
10	Export bill date	Date	10	M	
11	Port code	Varchar	15	M	
12	Shipping bill no	Varchar	10	M	
13	Shipping bill date	Date	10	M	
14	GR/PP/SDF no.	Varchar	15	M	
15	Date of Export	Date	10	M	
16	Due date of realization	Date	10	M	
17	Extension Granted	Varchar	1	M	
18	Extn. granting authority	Varchar	4	O	Is extension granted: Yes/No
19	Extn granted up to	Date	10	O	Mandatory, if extension granted is yes
20	Country of Export	Varchar	2	M	
21	Commodity	Varchar	3	M	
22	Invoice Currency	Varchar	3	M	
23	Invoice Amount (FC)	Numeric	15	M	
24	Invoice Amount (INR)	Numeric	15	M	
25	Realized currency	Varchar	3	M	
26	Realized Amount (INR)	Numeric	15	M	
27	Out-standing Amt. (INR)	Numeric	15	M	
28	Overseas Buyer Name	Varchar	40	M	
29	Overseas Buyer address1	Varchar	35	O	
30	Overseas Buyer address2	Varchar	35	O	
31	Overseas Buyer Country	Varchar	20	O	
32	Overseas Buyer Pin code	Varchar	10	O	
33	Bill Realized? (Y/N)	Varchar	1	O	
34	Realization date	Date	10	O	
35	Remark if any	Varchar	35	O	



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/328
A.P. (DIR Series) Circular No.63

October 18, 2013

To

All Authorised Dealer Category-I banks

Madam/ Dear Sir,

**Memorandum of Procedure for channeling transactions through Asian
Clearing Union (ACU)**

Attention of Authorised Dealer Category-I banks is invited to Para 7 and Para 8 of Annex to the [A.P.\(DIR Series\) Circular No.35 dated February 17, 2010.](#)

2. The ACU Board of Directors in their meeting held on June 19, 2013 have decided to include only transactions involving export/import of goods and services among ACU countries as eligible for payment under the ACU Mechanism. Accordingly, Para 7 and sub-paragraph (b) of Para 8 of the Annex to the A.P.(DIR Series) Circular No.35 dated February 17, 2010 have been updated and given in Annex. All other instructions contained in the A.P. (DIR Series) Circular No.35 dated February 17, 2010 shall remain unchanged.

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 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,

**(Rudra Narayan Kar)
Chief General Manager-in-Charge**

**[Annex to the A.P.(DIR Series)
Circular No.63 of 18.10.2013]**

<p>Extant Para 7 and Para 8(b) to the Annex of A.P.(DIR Series) Circular No.35 dated February 17, 2010</p> <p>7. Eligible Payments Transactions that are eligible to be made through ACU are payments – <ul style="list-style-type: none"> (a) from a resident in the territory of one participant to a resident in the territory of another participant; (b) for current international transactions as defined by the Articles of Agreement of the International Monetary Fund; (c) permitted by the country in which the payer resides; (d) not declared ineligible under paragraph 8 of this Memorandum; and (e) for export/import transactions between ACU member countries on deferred payment terms. <p>Note:- Trade transactions with Myanmar may be settled in any freely convertible currency, in addition to the ACU mechanism.</p> <p>8. Ineligible Payments</p> <ul style="list-style-type: none"> (b) payments which are not on account of current international transactions as defined by the International Monetary Fund, except to the extent mutually agreed upon between Reserve Bank and the other participants; and </p>	<p>Revised Para 7 and Para 8 (b) to the Annex of A.P.(DIR Series) Circular No.35 dated February 17, 2010</p> <p>7. Eligible Payments Transactions that are eligible to be made through ACU are payments – <ul style="list-style-type: none"> (a) for export/import transactions between ACU member countries including export and import on deferred payment terms; and (b) not declared ineligible under paragraph 8 of this Memorandum <p>Note:- Trade transactions with Myanmar may be settled in any freely convertible currency, in addition to the ACU mechanism.</p> <p>8. Ineligible Payments</p> <ul style="list-style-type: none"> (b) payments that are not on account of export / import transactions between ACU members countries except to the extent mutually agreed upon between the Reserve Bank and the other participants; and </p>
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**RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001**

**RBI/2013-14/333
A.P. (DIR Series) Circular No. 64**

October 22, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.55 dated September 26, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.86.903352 effective from September 13, 2013.

2. AD Category-I banks are advised that a further revision has taken place on October 11, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.83.819978 with effect from October 17, 2013.
3. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.
4. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2013-14/352
A.P. (DIR Series) Circular No. 65

October 31, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 19.72 million
to the Government of the Republic of Mozambique**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated July 04, 2013 with the Government of the Republic of Mozambique, for making available to the latter, a Line of Credit (LOC) of USD 19.72 million (USD Nineteen Million and Seven Hundred and Twenty Thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing of Rural Drinking Project Extension in Mozambique to be executed by M/s Southern Borewells (P) Ltd. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 04, 2013 and the date of execution of Agreement is July 04, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled

completion date(s) of contract(s) in the case of project exports and 72 months (July 03, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



**RESERVE BANK OF INDIA
Mumbai - 400 001**

**RBI/2013-14/353
A.P. (DIR Series) Circular No.66**

October 31, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 149.72 million
to the Government of the Republic of Mozambique**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated July 04, 2013 with the Government of the Republic of Mozambique, for making available to the latter, a Line of Credit (LOC) of USD 149.72 million (USD One Hundred and Forty Nine million and Seven Hundred and Twenty Thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing rehabilitation of road between Tica, Buzi and Nova Sofala in Mozambique. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 04, 2013 and the date of execution of Agreement is July 04, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from

the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 03, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



RESERVE BANK OF INDIA

Mumbai - 400 001

RBI/2013-14/354
A.P. (DIR Series) Circular No.67

October 31, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 47 million to the Government of the Republic of Mozambique

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated July 04, 2013 with the Government of the Republic of Mozambique, for making available to the latter, a Line of Credit (LOC) of USD 47 million (USD forty Seven Million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing construction of 1200 houses in Mozambique. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services of the value of at least 65 percent and in case of consultancy services upto 75 per cent of the contract price shall be supplied by the seller from India and the remaining 35 percent goods and services and 25 % in case of 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 04, 2013 and the date of execution of Agreement is July 04, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled

completion date(s) of contract(s) in the case of project exports and 72 months (July 03, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/356
A.P. (DIR Series) Circular No.68

November 01, 2013

To

All Category – I Authorised Dealer banks

Madam/Sir,

Foreign Direct Investment (FDI) in India – definition of ‘group company’

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. The extant FDI policy has since been reviewed and it has been decided to incorporate the definition for ‘group company’ as under;

‘Group company’ means two or more enterprises which, directly or indirectly, are in position to:

- (i) exercise twenty-six per cent, or more of voting rights in other enterprise; or
- (ii) appoint more than fifty per cent, of members of board of directors in the other enterprise.

3. Copy of [Press Note No. 2 \(2013 Series\) dated June 3, 2013](#) issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India in this regard is enclosed.

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

5. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Sixteenth Amendment) Regulations, 2013 which have been notified vide [Notification No. FEMA.292/2013-RB dated October 4, 2013](#), vide G.S.R. No. 683(E) dated October 11, 2013.

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

Yours faithfully,

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



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

RBI/2013-14/363
A.P. (DIR Series) Circular No. 69

November 8, 2013

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Amendment to the “Issue of Foreign Currency Convertible Bonds and Ordinary shares (Through Depository Receipt Mechanism) Scheme, 1993”

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.11 dated September 5, 2005](#)s regarding issue of American Depository Receipts (ADRs)/ Global Depository Receipts (GDRs) read with Paragraph 4 of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which unlisted Indian companies which have not yet accessed Global Depository Receipts/ Foreign Currency Convertible Bond route for raising capital in the international market were required to have prior or simultaneous listing in the domestic market.

2. On a review, it has now been decided to allow unlisted companies incorporated in India to raise capital abroad, without the requirement of prior or subsequent listing in India, initially for a period of two years, subject to conditions mentioned below. This scheme will be implemented from the date of the Government Notification of the scheme, subject to review after a period of two years. The investment shall be subject to the following conditions:

- (a) Unlisted Indian companies shall list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;

- (b) The ADRs/ GDRs shall be issued subject to sectoral cap, entry route, minimum capitalisation norms, pricing norms, etc. as applicable as per FDI regulations notified by the Reserve Bank from time to time;
- (c) The pricing of such ADRs/GDRs to be issued to a person resident outside India shall be determined in accordance with the captioned scheme as prescribed under paragraph 6 of Schedule 1 of Notification No. FEMA. 20 dated May 3, 2000, as amended from time to time;
- (d) The number of underlying equity shares offered for issuance of ADRs/GDRs to be kept with the local custodian shall be determined upfront and ratio of ADRs/GDRs to equity shares shall be decided upfront based on applicable FDI pricing norms of equity shares of unlisted company;
- (e) The unlisted Indian company shall comply with the instructions on downstream investment as notified by the Reserve Bank from time to time;
- (f) The criteria of eligibility of unlisted company raising funds through ADRs/GDRs shall be as prescribed by Government of India;
- (g) The capital raised abroad may be utilised for retiring outstanding overseas debt or for bona fide operations abroad including for acquisitions;
- (h) In case the funds raised are not utilised abroad as stipulated above, the company shall repatriate the funds to India within 15 days and such money shall be parked only with AD Category-1 banks recognised by RBI and shall be used for eligible purposes ;
- (i) The unlisted company shall report to the Reserve Bank as prescribed under sub-paragraphs (2) and (3) of Paragraph 4 of Schedule 1 to FEMA Notification No. 20.

3. A copy of the Press Release dated September 27, 2013 issued by Ministry of Finance, Government of India and the Government Notification dated October 11, 2013 are annexed (Annex 1 and 2, respectively).

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

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

Yours faithfully,

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

[A.P. (DIR Series) Circular No. 69 dated November 8, 2013]

**Press Information Bureau
Government of India
Ministry of Finance**

27-September-2013 15:17 IST

**Unlisted Indian Companies Allowed on A Pilot Basis for A Period of Two Years
to List and Raise Capital abroad without the Requirement of Prior or
Subsequent Listing in India**

At present, unlisted companies that are incorporated in India are not allowed to directly list in overseas markets without prior or simultaneous listing in Indian markets. It has now been decided with the approval of the Union Finance Minister that unlisted companies may be allowed to raise capital abroad without the requirement of prior or subsequent listing in India.

This scheme will be implemented on a pilot basis for a period of two years from the date of notification of the scheme. After the initial two year period, the impact of this arrangement will be reviewed.

The approval to list abroad is subject to the following conditions:

- Unlisted companies may be allowed to list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;
- The Companies shall file a copy of the return which they submit to the proposed exchange/regulators also to SEBI for the purpose of Prevention of Money Laundering Act (PMLA). They shall comply with SEBI's disclosure requirements in addition to that of the primary exchange prior to the listing abroad;
- While raising resources abroad, the listing company shall be fully compliant with the FDI Policy in force;
- The capital raised abroad may be utilised for retiring outstanding overseas debt or for operations abroad including for acquisitions;
- In case the funds raised are not utilised abroad as stipulated above, such companies shall remit the money back to India within 15 days and such money shall be parked only in AD category banks recognised by RBI.

Ministry of Finance (MoF), Department of Industrial Policy and Promotion (DIPP) and Reserve Bank of India (RBI) would be issuing the necessary notifications in due course in order to implement the required changes to the existing rules.

Annex-2

[A.P. (DIR Series) Circular No. 69 dated November 8, 2013]

MINISTRY OF FINANCE
(Department of Economic Affairs)

Notification

New Delhi, 11th October 2013

Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism)(Amendment) Scheme, 2013

G.S.R. 684(E).—Central Government hereby amend the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, namely:—

1. This Scheme may be called the issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2013.
2. The Scheme shall be deemed to have come into force from the date of publication of Notification; and
3. In the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993;

In Paragraph 3(1)(B) the words “Unlisted Indian Companies Issuing Global Depository Receipts/Foreign Currency Convertible Bonds shall be required to simultaneously list in the Indian stock Exchanges(s)” shall be replaced by the following

“Unlisted companies shall be allowed to raise capital abroad without the requirement of prior or subsequent listing in India initially for a period of two years subject to the following conditions.

- a. Unlisted companies shall list abroad only on exchanges in IOSCO/FATF compliant jurisdictions or those jurisdictions with which SEBI has signed bilateral agreements;
- b. The Companies shall file a copy of the return which they submit to the proposed exchange/regulators also to SEBI for the purpose of PMLA. They

shall comply with SEBI's disclosure requirements in addition to that of the primary exchange prior to the listing abroad;

c. While raising resources abroad, the listing company shall be fully compliant with the FDI Policy in force;

d. The capital raised abroad may be utilised for retiring outstanding overseas debt or for operations abroad including for acquisitions;

e. In case the funds raised are not utilised abroad as stipulated at d above, such companies shall remit the money back to India within 15 days and such money shall be parked only in AD category banks recognised by RBI and may be used domestically.

[F. No. 4/13/2012-ECB]

SHARMILA CHAVALY, Jt. Secy.

Foot Note :

(1). The Principal Scheme viz; Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, was published in the Gazette of India, Extraordinary, Part II - Section 3 - Sub-section (i) on the 12th November 1993/Kartika 21, 1915). (Notification GSR No.700(E) dated 12th November, 1993).

(2). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 1999, was published in the Gazette of India, Extraordinary, Part II - Section 3 - Sub-section (i) on the 11th November 1999/Kartika 20, 1921. (Notification GSR. N0.764(E), dated 10th November 1999).

(3). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 1999, was published in the Gazette of India, Extraordinary, Part II - Section 3 - Sub-section (i) on the 19th June 2000/Jyaistha 29,1922. (Notification GSR. N0.544(E), dated 16m June 2000).

(4). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme-II, 2000, was published In The Gazette Of India (Extraordinary) Under. Part-II Section-3 Sub-section(i) on 14th November, 2000/Kartika 23,1922. (Notification GSR. NO,865(E), dated 10th November 2000)

(5). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme-III, 2000, was published In The Gazette Of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 14th November, 2000/Kartika 23,1922.

(Notification GSR. N0.866(E), dated 10,h November 2000).

(6). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2001 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 21st September, 2001/Bhadra 30,1923.

(Notification GSR. No.687(E), dated 18th September, 2001),

(7). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme, 2002 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 13th February, 2002/Magha 24,1923.

(Notification GSR. No. 100(E), dated 13-02-2002),

(8). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme II, 2002 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 30th, July 2002/Sravana 8, 1924. (Notification GSR. No.532(E), dated 29-07-2002).

(9). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme III, 2002 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub- section(i) on 2nd, December 2002/Agrahayana 11,1924.

(Notification GSR. No.789(E), dated

(10). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme I, 2005 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 31st, August 2005/Bhadra 9, 1927. (Notification GSR. No.553(E), dated 31-08-2005).

(11). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme II, 2005 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 14th, September 2005/Bhadra 23, 1927.

(Notification GSR. No.581(E), dated 14-09-2005)

(12). Amendment in the Original Scheme carried in Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) (Amendment) Scheme II, 2005 was published in The Gazette of India (Extraordinary) Under Part-II Section-3 Sub-section(i) on 17th, November 2005/Kartika 26, 1927.

(Notification GSR. No.671(E), dated 17-11-2005)



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

RBI/2013-14/364
A. P. (DIR Series) Circular No.70

November 8 , 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Third party payments for export / import transactions

Attention of Authorized Dealer Category – I banks is invited to various provisions of [FEMA Notification No. 14 dated May 3, 2000](#) dealing with the manner of receipt & payment for trade transactions. Normally payment for exports has to be received from the overseas buyer named in the Export Declaration Form (EDF) by the exporter and the payment shall be received in a currency appropriate to the place of final destination as mentioned in the EDF irrespective of the country of residence of the buyer. Similarly, the payments for the import should be made to the original overseas seller of the goods and the AD should ensure that the importer furnishes evidence of import, such as, Exchange Control copy of the Bill of Entry to satisfy itself that goods equivalent to the value of remittance have been imported.

2. With a view to further liberalising the procedure relating to payments for exports/imports and taking into account evolving international trade practices, it has been decided as under:

i. EXPORT TRANSACTIONS

AD banks may allow payments for export of goods / software to be received from a third party (a party other than the buyer) subject to conditions as under:

- a) Firm irrevocable order backed by a tripartite agreement should be in place;
- b) Third party payment should come from a Financial Action Task Force (FATF) compliant country and through the banking channel only;

- c) The exporter should declare the third party remittance in the Export Declaration Form;
- d) It would be responsibility of the Exporter to realize and repatriate the export proceeds from such third party named in the EDF;
- e) Reporting of outstanding, if any, in the XOS would continue to be shown against the name of the exporter. However, instead of the name of the overseas buyer from where the proceeds have to be realised, the name of the declared third party should appear in the XOS; and
- f) In case of shipments being made to a country in Group II of Restricted Cover Countries, (e.g. Sudan, Somalia, etc.), payments for the same may be received from an Open Cover Country.

Note: *Restricted cover Group II country is country which experiences chronic political and economic problems as well as balance of payment difficulties.*

ii. IMPORT TRANSACTIONS

AD banks are allowed to make payments to a third party for import of goods, subject to conditions as under:

- a) Firm irrevocable purchase order / tripartite agreement should be in place;
- b) Third party payment should be made to a Financial Action Task Force (FATF) compliant country and through the banking channel only;
- c) The Invoice should contain a narration that the related payment has to be made to the (named) third party;
- d) Bill of Entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party;
- e) Importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods; and
- f) The amount of an import transaction eligible for third party payment should not exceed USD 100,000. This limit will be revised as and when considered expedient.

3. These instructions will come into force with immediate effect.

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

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

Yours faithfully,

(C.D Srinivasan)
Chief General Manager



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

RBI/2013-14/365

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

November 8, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Advance Category – I Authorised Dealer Banks

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in [A.P.\(DIR Series\) Circular No.21 dated December 29, 2009](#) 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 Public Sector Company or Department / Undertaking of the Government of India /State Governments), for import of rough diamonds into India from nine mining companies, subject to certain conditions.

2. Based on the recommendations of the Gems and Jewellery Export Promotion Council (GJEPC), the names of the two mining companies listed in the above circular have been changed as indicated below:

i. De Beers UK Ltd to **De Beers Global Sightholder Sales Proprietary Ltd.**

ii. BHP Billiton, Belgium to **Dominion Diamond Marketing.**

3. All the instructions issued in respect of advance remittance for import of rough diamonds, vide A.P. (DIR Series) Circular No.21 dated December 29, 2009 and

Import of rough, cut and polished diamonds, vide [A.P.\(DIR Series\) Circular No.59 dated May 6, 2011](#), shall remain unchanged.

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

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

Yours faithfully,

**(C. D. Srinivasan)
Chief General Manager**



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

RBI/2013-14/366

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

November 11, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment in Financial Sector – Transfer of Shares

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Regulation 10(A)(v) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time and Para 2(B)(iv) of [A.P.\(DIR Series\) Circular No.43 dated November 4, 2011](#), in terms which for transfer of shares from Residents to Non-Residents where the investee company is in the financial services sector, No Objection Certificate (NoC) is required to be obtained from the respective financial sector regulator/regulators of the investee company as well as transferor and transferee entities and such NoC(s) are to be filed with the form FC-TRS to the AD bank.

2. On a review, it has now been decided that the requirement of NoC(s) will be waived from the perspective of Foreign Exchange Management Act, 1999 and no such NoC(s) need to be filed along with form FC-TRS. However, any 'fit and proper/due diligence' requirement as regards the non-resident investor as stipulated by the respective financial sector regulator shall have to be complied with.
3. All the other instructions contained in the above referred A.P.(DIR Series) Circular shall remain unchanged.
4. AD Category – I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Reserve Bank of India has since amended the relevant Regulations and notified vide [Notification No.FEMA.290/2013-RB dated October 4, 2013](#), notified vide. G.S.R.No.682(E) dated October 11, 2013.

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

Yours faithfully,

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



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

RBI/2013-14/367

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

November 11, 2013

To

**All Scheduled Commercial Banks which are Authorised Dealers (ADs) in
Foreign Exchange/ All Agencies nominated for import of gold**

Madam / Sir,

Import of Gold by Nominated Banks /Agencies/Entities

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 25 dated August 14, 2013](#) on the captioned subject.

2. Government of India and the Reserve Bank of India have been receiving representations related to Advance Authorisation (AA) / Duty Free Import Authorisation (DFIA). Taking into account these representations and in consultation with the Government of India, it has been decided to issue the following clarifications:

Any authorisation such as Advance Authorisation (AA) / Duty Free Import Authorization (DFIA) is to be utilised for import of gold meant for export purposes only and no diversion for domestic use shall be permitted. For any AA / DFIA issued prior to 14th August 2013 the condition of sequencing the imports prior to exports shall not be insisted upon.

3. Notwithstanding any of the foregoing directions, entities/units in the SEZ and EoUs, Premier and Star Trading Houses (irrespective of whether they are nominated agencies or not) are permitted to import gold exclusively for the purpose of exports only. Similarly, exports towards fulfillment of obligation under AA/DFIA scheme shall not qualify as export for the purpose of the scheme of 20:80.

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

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

Yours faithfully,

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



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

RBI/2013-14/368

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

November 11, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign investment in India - participation by SEBI registered FIIs, QFIs and SEBI registered long term investors in credit enhanced bonds

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs) and long term investors, such as, Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, foreign Central Banks, may purchase, on repatriation basis, Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limits for investments by FIIs, QFIs and long term investors registered with SEBI in Government securities and corporate debt stands at USD 30 billion and USD 51 billion, respectively.

2. Attention of AD Category - I banks is also invited to [A.P. \(DIR Series\) Circular No. 40 dated March 02, 2010](#) and [A.P. \(DIR Series\) Circular No. 120 dated June 26, 2013](#), relating to External Commercial Borrowings (ECB) Policy – Structured Obligations. In terms of A.P. (DIR Series) circular dated June 26, 2013, credit enhancement can be provided by eligible non-resident entities to the domestic debt raised through issue of INR bonds/ debentures by all borrowers eligible to raise ECB under the automatic route. All the other terms and conditions mentioned in para 4 (iv), (vi) to (viii) of A.P. (DIR Series) Circular No. 40 dated March 02, 2010 will remain unchanged.

3. On a review, it has been decided to allow SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs) and long term investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, foreign Central Banks - to invest in the credit enhanced bonds, as per paragraph 3 and 4 of A.P. (DIR Series) Circular No. 120 dated June 26, 2013, up to a limit of USD 5 billion within the overall limit of USD 51 billion earmarked for corporate debt.

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

5. Reserve Bank of India has since amended relevant Regulations vide [Notification No.FEMA.289/2013 dated October 4, 2013](#), notified vide G.S.R.No.681(E) dated October 11, 2013.

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

Yours faithfully,

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



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

RBI/2013-14/374

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

November 19, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir

**Trade Credit for imports into India- Online submission of data on issuance of
Guarantee/Letter of Undertaking (LoU) /Letter of Comfort (LoC) by ADs**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 87 dated April 17, 2004](#) and [A.P. \(DIR Series\) Circular No. 24 November 1, 2004](#) relating to the Trade Credits for imports into India and submission of data on issuance of guarantees/ LoUs / LoCs by AD banks at quarterly statement in the prescribed format thereof to the Reserve Bank.

2. It has been decided to shift the arrangement for reporting of data on issuance of guarantees/ LoUs/ LoCs by all AD banks in consolidated statement, at quarterly intervals, from manual submission (and in MS-Excel file through [email](#)) to eXtensible Business Reporting Language (XBRL) platform from quarter ended September 30, 2013.

3. For the above purpose AD banks may login to the site <https://secweb.rbi.org.in/orfsxbrl/> using their User name, Password and Bank code. For downloading the relevant form, AD banks may follow the link 'Download Returns Package' and download the Form LOU first version. After following the successive steps, AD banks may upload the file. For User name and Password, AD banks may apply through [email](#) along with contact details. Clarification required, if any, may also be sent to the aforesaid email of the Reserve Bank and/ or may be communicated at Telephone No. 022-22601000 (extension-2715). Guide for using XBRL website is also available under the Help option on the same page.

4. The submission of manual statement (and in MS-Excel file through [email](#)) to the Reserve Bank is henceforth dispensed with. Those AD banks who have already submitted the manual statement (and MS-Excel file) for the quarter ended September 30, 2013 are also required to report the same data online. From the quarter ending December 31, 2013 onwards, the data should be submitted only in soft form on XBRL platform latest by 10th of the succeeding month.

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

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

Yours faithfully

Rudra Narayan Kar
Chief General Manager-in-Charge



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

RBI/2013-14/375
A.P. (DIR Series) Circular No.76

November 19, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.64 dated October 22, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.83.819978 effective from October 17, 2013.

2. AD Category-I banks are advised that a further revision has taken place on November 12, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.86.513657 with effect from November 18, 2013.

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

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

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



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

RBI/2013-14/377

A.P. (DIR Series) Circular No. 77

November 22, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir

Overseas Foreign Currency Borrowings by Authorised Dealer Banks

Attention of AD category I banks is invited to [AP \(DIR Series\) circulars no. 40 dated September 10, 2013](#) read with [AP \(DIR Series\) Circular no. 61 dated October 10, 2013](#) in terms of which they were permitted to borrow from international/multilateral financial institutions up to 100 percent of their Tier-I capital subject to the conditions mentioned therein and also swap the borrowed amount with the Reserve Bank at a concessional rate as mentioned therein. As per the said circulars both the permissions to borrow from the international/multilateral financial institutions as well as to swap it with Reserve Bank were valid till November 30, 2013.

2. It has been brought to the Bank's notice that some banks may be in the process of negotiation of loans from international/multilateral financial institutions and may not be in a position to draw the loan and deliver the same to RBI as a part of the concessional swap within November 30, 2013. In this context, it has been decided that if any bank is being sanctioned any loan from any international/multilateral financial institutions and is receiving a firm commitment in this regard on or before November 30, 2013, it will be allowed to enter into a forward-forward swap under the first leg of which the bank will sell forward the contracted amount of foreign currency corresponding to the loan amount for delivery up to December 31, 2013. However, if the bank is not in a position to deliver the contracted amount of foreign currency on the contracted date, it would have to pay the difference between concessional swap rate contracted and the market swap rate plus one hundred basis points. The other terms and conditions for the swap will remain unchanged as notified earlier.

3. It is reiterated that the above relaxation is available only for the contracts entered into up to November 30, 2013 and not thereafter.

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

Yours faithfully

(C.D.Srinivasan)
Chief General Manager



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

RBI/2013-14/397

December 3, 2013

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

To

All Authorised Dealer Category I Banks

Madam / Sir

External Commercial Borrowings (ECB) by Holding Companies / Core Investment Companies for the project use in Special Purpose Vehicles (SPVs)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) as amended from time to time relating to the External Commercial Borrowings (ECB).

2. In order to strengthen the flow of resources to infrastructure sector, it has been decided to permit Holding Companies / Core Investment Companies (CICs) coming under the regulatory framework of the Reserve Bank to raise ECB under the automatic route/approval route, as the case may be, for project use in Special Purpose Vehicles (SPVs) with the following terms and conditions:

- i. The business activity of the SPV should be in the infrastructure sector where "infrastructure" is defined as per the extant ECB guidelines;
- ii. The infrastructure project is required to be implemented by the SPV established exclusively for implementing the project;
- iii. The ECB proceeds is utilized either for fresh capital expenditure (capex) or for refinancing of existing Rupee loans (under the approval route) availed of from the domestic banking system for capex as per the extant norms on refinancing;
- iv. The ECB for SPV can be raised up to 3 years after the Commercial Operations Date of the SPV;
- v. The SPV should give an undertaking that no other method of funding, such as, trade credit (if for import of capital goods), etc. will be utilized for that portion of fresh capital expenditure financed through ECB proceeds;

- vi. The ECB proceeds should be kept in a separate escrow account as per the extant guidelines on parking of ECB proceeds pending utilization for permissible end-uses and use of such proceeds should be strictly monitored by the ADs for permissible uses;
 - vii. In case of Holding Companies that come under the Core Investment Company (CIC) regulatory framework of the Reserve Bank, the additional terms and conditions for raising ECB for project use in SPVs will be as under:
 - a) The ECB availed is within the ceiling of leverage stipulated for CICs, i.e., their outside liabilities including ECB cannot be more than 2.5 times of their adjusted net worth as on the date of the last audited balance sheet; and
 - b) In case of CICs with asset size below Rupees 100 crore, the ECB availed of should be on fully hedged basis.
3. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of extant ECB guidelines (including provisions contained in [A.P. \(DIR Series\) Circulars No. 25](#) and [111](#) dated September 23, 2011 and April 20, 2012 to the effect that maximum 25 per cent of ECB raised by the infrastructure companies can be utilised for refinancing of the Rupee loans availed from the domestic banking system (40 per cent in case of power sector) under the approval route) shall remain unchanged.
4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

C D Srinivasan
Chief General Manager



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

RBI/2013-14/405A
A.P. (DIR Series) Circular No.79

December 6, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 30.94 million
to the Government of Lao People's Democratic Republic**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated September 09, 2013 with the Government of Lao People's Democratic Republic, for making available to the latter, a Line of Credit (LOC) of USD 30.94 million (USD Thirty Million nine hundred and forty thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing construction of Storage dams and Development of Irrigation systems in four major provinces in Lao People's Democratic Republic. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from November 26, 2013 and the date of execution of Agreement is September 09, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case

of project exports and 72 months (September 08, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

**RBI/2013-14/409
A.P. (DIR Series) Circular No. 80**

December 16, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.76 dated November 19, 2013](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs.86.513657 effective from November 18,2013

2. AD Category-I banks are advised that a further revision has taken place on December 09, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.83.564155 with effect from December 12, 2013.

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

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

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



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

RBI/2013-14/416
A.P. (DIR Series) Circular No.81

December 24, 2013

To
All Authorised Dealer Category - I Banks

Madam / Dear Sir

Borrowing and Lending in Rupees - Investments by persons resident outside India in the tax free, secured, redeemable, non-convertible bonds

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the Regulation No. 6 (2) of Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 ([Notification No. FEMA 4/2000-RB dated May 03, 2000](#)) which imposes restrictions on person resident in India who have borrowed in Rupees from a person resident outside India to the effect that such borrowed funds cannot be used for any investment, whether by way of capital or otherwise, in any company or partnership firm or proprietorship concern or any entity, whether incorporated or not, or for relending.

2. On a review, it has been decided to permit such resident entities / companies in India, authorised by the Government of India, to issue tax-free, secured, redeemable, non-convertible bonds in Rupees to persons resident outside India to use such borrowed funds for the following purposes:

- (a) for on lending / re-lending to the infrastructure sector; and
- (b) for keeping in fixed deposits with banks in India pending utilization by them for permissible end-uses.

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

4. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2013 which have been notified vide [Notification No. FEMA.287/2013-RB dated September 17, 2013](#), vide G.S.R. No. 645(E) dated

September 20, 2013, read with Corrigendum dated October 24, 2013 vide G.S.R.No.741(E) dated November 19, 2013.

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

Yours faithfully,

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



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

RBI/2013-14/423
A.P. (DIR Series) Circular No.82

December 31, 2013

To

All Scheduled Commercial Banks which are Authorized Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam / Sir,

Import of Gold by Nominated Banks /Agencies/Entities

Attention of Authorized Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 25 dated August 14, 2013](#) and [A.P. \(DIR Series\) Circular No. 73 dated November 11, 2013](#) on the captioned subject.

2. Government of India and the Reserve Bank of India have been receiving representations related to import of gold dore. Taking into account these representations and in consultation with the Government of India, it has been decided to issue the following clarifications which shall come into force with immediate effect :

- a) Refineries are allowed to import dore up to 15% of their gross average viable quantity based on their license entitlement in the first two months for making this available to the exporters on First in First out (FIFO) basis. Subsequent to this, the quantum of gold dore to be imported should be determined lot-wise on the basis of export performance.
- b) Before the next import, not more than 80% shall be allowed to be sold domestically.
- c) The dore so imported shall be refined and shall be released based on FIFO basis following 20:80 principle. This would be monitored by CBEC as earlier.
- d) The imports, thereafter, shall be allowed only up to 5 times the quantum for which proof of export has been submitted. This shall be on accrual basis.

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

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/427
A.P. (DIR Series) Circular No.83

January 3, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments – Rollover of Guarantees

Attention of the Authorised Dealer (AD - Category I) banks is invited the provisions of [Notification No. FEMA.120/RB-2004 dated July 7, 2004](#) [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the Notification), as amended from time to time.

2. It has been decided not to treat / reckon the renewal / rollover of an existing / original guarantee, which is part of the total financial commitment of the Indian party in terms of Regulation 6 of the Notification *ibid*, as a fresh financial commitment, provided that :

- (a) the existing / original guarantee was issued in terms of the then extant / prevailing FEMA guidelines.
- (b) there is no change in the end use of the guarantee, i.e. the facilities availed by the JV / WOS / Step Down Subsidiary;
- (c) there is no change in any of the terms & conditions, including the amount of the guarantee except the validity period;
- (d) the reporting of the rolled over guarantee would be done as a fresh financial commitment in Part II of Form ODI, as hitherto; and
- (e) if the Indian party is under investigation by any investigation / enforcement agency or regulatory body, the concerned agency / body shall be kept informed about the same.

3. In case, however, the above conditions are not met, the Indian party shall obtain prior approval of the Reserve Bank for rollover / renewal of the existing guarantee through the designated AD bank.

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,

(C D Srinivasan)
Chief General Manager



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

RBI/2013-2014/428
A.P. (DIR Series) Circular No.84
To

January 6 , 2014

All Category - I Authorised Dealer banks

Madam/Sir,

Issue of Non convertible/ redeemable bonus preference shares or debentures - Clarifications

Attention of Authorised Dealers Category- I (AD Category-I) banks is invited to Regulation (2ii) and Regulation 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No.FEMA.20/2000 -RB dated May 3, 2000](#), as amended from time to time, in terms of which equity shares, compulsorily and mandatorily convertible preference shares and compulsorily and mandatorily convertible debentures are treated as a part of share capital for the purpose of Foreign Direct Investment.

2. Reserve Bank of India has been receiving references from some Indian companies regarding issue of non-convertible/ redeemable bonus preference shares or debentures to non-resident shareholders from the general reserve under a Scheme of Arrangement by a Court, under the provisions of the Companies Act, as applicable. So far, Reserve Bank has been granting permission for such issuances on a case-to-case basis. On a review and with a view to rationalizing and simplifying the procedures, it has been decided that an Indian company may issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders, by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

3. The above general permission to Indian companies is only for issue of non-convertible/ redeemable preference shares or debentures to non-resident shareholders by way of distribution as bonus from the general reserves. The issue of preference shares(excluding non-convertible/redeemable preference shares) and convertible debentures (excluding optionally convertible/partially convertible debentures) under the FDI scheme would continue to be subject to [A.P. \(DIR Series\)](#) [Circular Nos.73](#) and [74](#) dated June 8, 2007 as hitherto.

4. Reserve Bank of India has since amended the Regulations and notified vide [Notification No.FEMA.291/2013-RB dated October 4, 2013](#) notified vide G.S.R. No.818 (E) dated December 31, 2013.

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

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

Yours faithfully,

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



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

RBI/2013-2014/429
A.P. (DIR Series) Circular No. 85

January 6 , 2014

To

All Category - I Authorised Dealer banks

Madam/Sir,

External Commercial Borrowings (ECB) Policy – Liberalisation of definition of Infrastructure Sector

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [Notification No. FEMA.281/2013-RB dated July 19, 2013](#) published in the Gazette of India vide G.S.R. No. 627 (E) dated September 12, 2013 and to the [A.P. \(DIR Series\) Circular No. 48 dated September 18, 2013](#) in terms of which definition of infrastructure sector for the purpose of raising ECB was expanded taking into account the Harmonised Master List of Infrastructure sub-sectors and Institutional Mechanism for its updation approved by Government of India vide Notification F.No.13/06/2009-INF dated March 27, 2012.

2. On a review, it has been decided that, for the purpose of ECB, 'Maintenance, Repairs and Overhaul' (MRO) will also be treated as a part of airport infrastructure. Accordingly, MRO, as distinct from the related services which are other than infrastructure, will be considered as part of the sub-sector of Airport in the Transport Sector of Infrastructure.

3. All other aspects of ECB policy shall remain unchanged.

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

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

Yours faithfully

Rudra Narayan Kar
Chief General Manager-in-Charge



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

RBI/2013-2014/436
A.P. (DIR Series) Circular No. 86

January 9, 2014

All Category - I Authorised Dealer banks

Madam/Sir,

**Foreign Direct Investment- Pricing Guidelines for FDI instruments with
optionality clauses**

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20 / 2000 -RB dated May 3, 2000](#) as amended from time to time. In terms of the extant instructions, only equity shares or preference shares/debentures are eligible to be issued to persons resident outside India under the Foreign Direct Investment Scheme in terms of Regulation 5 (1) of Foreign Exchange Management (Transfer and Issue of shares by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000.

2. On a review, it has now been decided that optionality clauses may henceforth be allowed in equity shares and compulsorily and mandatorily convertible preference shares/debentures to be issued to a person resident outside India under the Foreign Direct Investment (FDI) Scheme. The optionality clause will oblige the buy-back of securities from the investor at the price prevailing/value determined at the time of exercise of the optionality so as to enable the investor to exit without any assured return. The provision of optionality clause shall be subject to the following conditions:

- (a) There is a minimum lock-in period of one year or a minimum lock-in period as prescribed under FDI Regulations, whichever is higher (e.g. defence and construction development sector where the lock-in period of three years has been prescribed). The lock-in period shall be effective from the date of allotment of such shares or convertible debentures or as prescribed for defence and construction development sectors, etc. in Annex B to Schedule 1 of Notification No. FEMA. 20 as amended from time to time;
- (b) After the lock-in period, as applicable above, the non-resident investor exercising option/right shall be eligible to exit without any assured return, as under:

- (i) In case of a listed company, the non-resident investor shall be eligible to exit at the market price prevailing at the recognised stock exchanges;
- (ii) In case of unlisted company, the non-resident investor shall be eligible to exit from the investment in equity shares of the investee company at a price not exceeding that arrived at on the basis of Return on Equity (RoE) as per the latest audited balance sheet. Any agreement permitting return linked to equity as above shall not be treated as violation of FDI policy/FEMA Regulations.

Note: For the above purpose, RoE shall mean Profit After Tax / Net Worth; Net Worth would include all free reserves and paid up capital.

- (iii) Investments in Compulsorily Convertible Debentures (CCDs) and Compulsorily Convertible Preference Shares (CCPS) of an investee company may be transferred at a price worked out as per any internationally accepted pricing methodology at the time of exit duly certified by a Chartered Accountant or a SEBI registered Merchant Banker. The guiding principle would be that the non-resident investor is not guaranteed any assured exit price at the time of making such investment/agreement and shall exit at the price prevailing at the time of exit, subject to lock-in period requirement, as applicable.

3. Reserve Bank has since amended the Regulations and the changes have been notified vide [Notification No. FEMA. 294/2013-RB dated November 12, 2013](#) vide G.S.R. No. 805(E) dated December 30, 2013.

4. All existing contracts will have to comply with the above conditions to qualify as FDI compliant.

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

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager In-Charge



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

RBI/2013-2014/437
A.P. (DIR Series) Circular No. 87

January 9, 2014

To

All Banks Authorised to deal in Foreign Exchange

Madam/Sir,

**Resident Bank account maintained by residents in India –
Joint holder – liberalization**

Attention of Authorised Dealer (AD) banks is invited to [A.P.\(DIR Series\) Circular No.12 dated September 15, 2011](#) in terms of which individuals resident in India were permitted to include non-resident close relative(s) (relatives as defined in Section 6 of the Companies Act, 1956) as a joint holder(s) in their resident savings bank accounts on “former or survivor” basis. Such non-resident Indian close relatives are however not eligible to operate the account during the life time of the resident account holder in terms of said instructions.

2. Reserve Bank has received representations that for operational convenience the Non-Resident Indians (NRIs), as defined in Regulation 2(vi) of FEMA Notification No.5 dated May 3, 2000, may be permitted to operate such accounts on “Either or Survivor” basis. Accordingly, on a review, it has been decided that AD banks may include an NRI close relative (relatives as defined in Section 6 of the Companies Act, 1956) in existing / new resident bank accounts as joint holder with the resident account holder on “Either or Survivor” basis subject to the following conditions:

- a) Such account will be treated as resident bank account for all purposes and all regulations applicable to a resident bank account shall be applicable.
- b) Cheques, instruments, remittances, cash, card or any other proceeds belonging to the NRI close relative shall not be eligible for credit to this account.
- c) The NRI close relative shall operate such account only for and on behalf of the resident for domestic payment and not for creating any beneficial interest for himself.

- d) Where the NRI close relative becomes a joint holder with more than one resident in such account, such NRI close relative should be the close relative of all the resident bank account holders.
- e) Where due to any eventuality, the non-resident account holder becomes the survivor of such an account, it shall be categorized as Non-Resident Ordinary Rupee (NRO) account as per the extant regulations.
- f) Onus will be on the non-resident account holder to keep AD bank informed to get the account categorized as NRO account and all such regulations as applicable to NRO account shall be applicable.
- g) The above joint account holder facility may be extended to all types of resident accounts including savings bank account.

3. While extending this facility the AD bank should satisfy itself about the actual need for such a facility and also obtain the following declaration duly signed by the non-resident account holder:

"I am the joint account holder of SB/FD/RD/Current Account bearing No which stands in my name and in the name of Shri/Smt. who is my (state relationship). I hereby undertake that I shall not use the proceeds lying in the above account for any transaction in contravention of the provisions of the Foreign Exchange Management Act (FEMA) 1999, Rules/Regulations made thereunder and the related circulars/instructions issued by the Reserve Bank from time to time. I further undertake that if any such transaction is put through the said account in contravention of the FEMA, 1999 or Rules/Regulations made thereunder, I shall be held responsible for the same. I shall intimate my bank in the event of any change in my Non-resident / Resident status."

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

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager In-Charge



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

RBI/2013-14/438

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

January 09, 2014

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

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

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Part (B) of Annex-I to the A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008 on the captioned subject, as amended from time to time.

2. With a view to expanding the scope of the Rupee Drawing Arrangements (RDAs), it has been decided to include additional items under Permitted Transactions under RDAs. The amended instructions under **Part (B) of Annex-I** to the above mentioned circular are as given in the Annex.
3. All other instructions issued vide A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, will remain unchanged.
4. AD Category - I banks may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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

Annex

[Annex-I to A.P.(DIR Series) Circular No.28

A.P.(FL/RL Series) Circular No.02]

Earlier guidelines under Part (B) Permitted Transactions of Annex-I	Revised guidelines under Part (B) Permitted Transactions of Annex-I
<p>Drawing Arrangements with Exchange Houses are primarily designed to channel inward personal remittances. <i>Under no circumstances, donations / contributions to charitable institutions should be routed through the Exchange Houses.</i> The following is the list of permissible transactions under Drawing Arrangements with Exchange Houses.</p> <p>1. Credit to Non-resident (External) Rupee accounts maintained by Non-resident Indians in Indian Rupees.</p> <p>2. Payments to families of Non-resident Indians.</p> <p>3. Payments in favour of Insurance companies, Mutual Funds and the Post Master for premia / investments.</p> <p>4. Payments in favour of bankers for investments in shares, debentures.</p> <p>5. Payment to Coop. Housing Societies, Govt. Housing Schemes or Estate Developers for acquisition of residential flats in India in</p>	<p>Drawing Arrangements with Exchange Houses are primarily designed to channel inward personal remittances. <i>Under no circumstances, donations / contributions to charitable institutions should be routed through the Exchange Houses.</i> The following is the list of permissible transactions under Drawing Arrangements with Exchange Houses.</p> <p>1. Credit to Non-resident (External) Rupee accounts maintained by Non-resident Indians in Indian Rupees.</p> <p>2. Payments to families of Non-resident Indians.</p> <p>3. Payments in favour of Insurance companies, Mutual Funds and the Post Master for premia / investments.</p> <p>4. Payments in favour of bankers for investments in shares, debentures.</p> <p>5. Payment to Coop. Housing Societies, Govt. Housing Schemes or Estate Developers for acquisition of residential flats in India in</p>

<p>individual names subject to compliance of regulations thereof by the Non-resident Indians.</p> <p>6. Payments of tuition/ boarding, examination fee etc. to schools, colleges and other educational institutions.</p> <p>7. Payments to medical institutions and hospitals for medical treatment of NRIs / their dependents and nationals of Gulf</p> <p>Countries in India.</p> <p>8. Payments to hotels by nationals of Gulf countries / NRIs for their stay.</p> <p>9. Payments to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic airlines / rail, etc.</p> <p>10. Trade transactions up to Rs. 2 lakhs per transaction.</p>	<p>individual names subject to compliance of regulations thereof by the Non-resident Indians.</p> <p>6. Payments of tuition/ boarding, examination fee etc. to schools, colleges and other educational institutions.</p> <p>7. Payments to medical institutions and hospitals for medical treatment of NRIs / their dependents and nationals of Gulf</p> <p>Countries in India.</p> <p>8. Payments to hotels by nationals of Gulf countries / NRIs for their stay.</p> <p>9. Payments to travel agents for booking of passages of NRIs and their families residing in India towards their travel in India by domestic airlines / rail, etc.</p> <p>10. Trade transactions up to Rs. 2 lakhs per transaction.</p> <p>11. Payments to utility service providers in India, for services such as water supply, electricity supply, telephone (except for mobile top-ups), internet, television etc.</p> <p>12. Tax payments in India</p> <p>13. EMI payments in India to Banks and Non-Banking Financial Companies (NBFCs) for repayment of loans.</p>
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**RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001**

RBI/2013-2014/439

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

January 9, 2014

All Category - I Authorised Dealer banks

Madam/Sir,

**Exim Bank's Line of Credit of USD 42.61 million
to the Government of the Republic of Benin**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated September 06, 2013 with the Government of the Republic of Benin, for making available to the latter, a Line of Credit (LOC) of USD 42.61 million (USD Forty two million and Six Hundred and Ten Thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing up gradation of water supply schemes in 69 villages in Benin subject to Government of Benin appointing a Project Management Consultant (PMC) for the preparation of Detailed Project Report (DPR) in Benin. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from December 16, 2013 and the date of execution of Agreement is September 06, 2013. Under the LOC,

the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (September 05, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

**(C. D. Srinivasan)
Chief General Manager**



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

RBI/2013-14/440

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

January 9, 2014

To,

All Category- I Authorised Dealer Banks and Authorised Banks

Madam / Sir,

**Provisions under section 6 (4) of Foreign Exchange Management Act, 1999 -
Clarifications**

Attention of Authorized Dealers is invited to Section 6 (4) of FEMA, 1999 in terms of which a person resident in India may hold, own, transfer or invest in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India.

2. We have been receiving representations with regards to nature of transactions covered under Section 6(4) of FEMA, 1999. In this regard it is clarified that Section 6(4) of FEMA, 1999 covers the following transactions:

- (i) Foreign currency accounts opened and maintained by such a person when he was resident outside India;
- (ii) Income earned through employment or business or vocation outside India taken up or commenced while such person was resident outside India, or from investments made while such person was resident outside India, or from gift or inheritance received while such a person was resident outside India;
- (iii) Foreign exchange including any income arising therefrom, and conversion or replacement or accrual to the same, held outside India by a person resident in India acquired by way of inheritance from a person resident outside India.
- (iv) A person resident in India may freely utilise all their eligible assets abroad as well as income on such assets or sale proceeds thereof received after their return to India for making any payments or to make any fresh investments

abroad without approval of Reserve Bank, provided the cost of such investments and/ or any subsequent payments received therefor are met exclusively out of funds forming part of eligible assets held by them and the transaction is not in contravention to extant FEMA provisions.

3. Authorised Dealer Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
4. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-2014/445

A.P. (DIR Series) Circular No. 91

January 13, 2014

To,

All Category - I Authorised Dealer banks

Madam/Sir,

**Exim Bank's Line of Credit of USD 125 million
to the Government of the Republic of Sudan**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated July 24, 2013 with the Government of the Republic of Sudan, for making available to the latter, a Line of Credit (LOC) of USD 125 million (USD One Hundred and Twenty Five million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing of Mashkour (earlier Elduem) Sugar Project in Sudan. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from December 20, 2013 and the date of execution of Agreement is July 24, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from

the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 23, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-2014/446
A.P. (DIR Series) Circular No. 92

January 13, 2014

All Category - I Authorised Dealer banks

Madam/Sir,

Risk Management and Inter Bank Dealings

Attention of Authorised Dealers Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA/25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) Circular no. 58 dated December 15, 2011](#), [A.P. \(DIR Series\) Circular no. 13 dated July 31, 2012](#) and [A.P. \(DIR Series\) Circular no 36 dated September 4, 2013](#).

2. Under the extant regulations, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions. However, exporters are allowed to cancel and rebook forward contracts to the extent of 50 per cent of the contracts booked in a financial year for hedging their contracted export exposures and importers are allowed to cancel and rebook forward contracts to the extent of 25 percent of the contracts booked in a financial year for hedging their contracted import exposures.

3. On a review of the evolving market conditions and with a view to providing operational flexibility in respect of current and capital account transactions, it has been decided to allow, in case of contracted exposures, forward contracts in respect of all current account transactions as well as capital account transactions with a residual maturity of one year or less to be freely cancelled and rebooked. As far as the exposure of the FIIs/QFIIs/other portfolio investors is concerned, forward contracts booked by these investors, once cancelled, can be rebooked up to the extent of 10 per cent of the value of the contracts cancelled. The forward contracts booked by these investors may, however, be rolled over on or before maturity.

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

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

Yours faithfully,

(CD Srinivasan)
Chief General Manager



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

RBI/2013-14/447

A.P. (DIR Series) Circular No.93

January 15, 2014

To
All Authorised Dealer Category - I Banks

Madam / Dear Sir

Clarification- Establishment of Liaison Office/ Branch Office/ Project Office in India by Foreign Entities- General Permission

Attention of Authorised Dealer Category –I (AD Category – I) banks is invited to Regulation 4 of [Notification No.FEMA.22/2000-RB dated May 3, 2000](#), viz., Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time, in terms of which, no entity or person, being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China shall establish in India, a branch office or a liaison office or a project office or any other place of business by whatever name called, without the prior permission of the Reserve Bank.

2. It is clarified that the provisions of Regulation 4 of Notification No. FEMA 22/2000-RB dated 3rd May 2000, ibid, along with their specified conditions apply for entities from Hong Kong and Macau also.
3. Accordingly, applications from entities registered in / resident of Hong Kong and Macau, for establishment of Liaison/ Branch/ Project Offices or any other place of business by whatever name called shall require prior approval from Reserve Bank of India.
4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
5. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Establishment in India of Branch or Office or Other Place of Business) (Amendment) Regulations, 2013, which have been notified vide [Notification No.FEMA.293/2013-RB dated November 12, 2013](#), vide G.S.R.No.767(E) dated December 06, 2013.

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 permission / approvals, if any, required under any other law.

Yours faithfully,

(C.D. Srinivasan)
Chief General Manager



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

RBI/2013-2014/449
A.P. (DIR Series) Circular No. 94

January 16, 2014

To

All Category - I Authorised Dealer banks

Madam/Sir,

Conversion of External Commercial Borrowing and Lumpsum Fee/Royalty into Equity

Attention of Authorised Dealer (AD) banks is invited to [A.P. \(DIR Series\) Circular No. 15 dated October 1, 2004](#) on the captioned subject.

2. In terms of the said circular, an Indian company can issue equity shares against External Commercial Borrowings (ECB) subject to conditions mentioned therein and pricing guidelines as prescribed by the Reserve Bank from time to time regarding value of equity shares to be issued. Reserve Bank has received some references regarding how the rupee amount against which equity shares are to be issued shall be arrived at; in other words, what rate of exchange shall be applied to the amount in foreign currency borrowed or owed by the resident entity from/to the non-resident entity.

3. It is clarified that where the liability sought to be converted by the company is denominated in foreign currency as in case of ECB, import of capital goods, etc. it will be in order to apply the exchange rate prevailing on the date of the agreement between the parties concerned for such conversion. Reserve Bank will have no objection if the borrower company wishes to issue equity shares for a rupee amount less than that arrived at as mentioned above by a mutual agreement with the ECB lender. It may be noted that the fair value of the equity shares to be issued shall be worked out with reference to the date of conversion only.

4. It is further clarified that the principle of calculation of INR equivalent for a liability denominated in foreign currency as mentioned at paragraph 3 above shall apply,

mutatis mutandis, to all cases where any payables/liability by an Indian company such as, lump sum fees/royalties, etc. are permitted to be converted to equity shares or other securities to be issued to a non-resident subject to the conditions stipulated under the respective Regulations.

5. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.
6. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

**Rudra Narayan Kar
Chief General Manager In-Charge**



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

RBI/2013-14/452
A.P. (DIR Series) Circular No.95

January 17, 2014

To

All Category - I Authorised Dealer Banks

Merchanting Trade Transactions

Madam / Sir,

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular Nos.106](#) & [4](#) dated June 19, 2003 and July 19, 2003 respectively, containing directions relating to merchanting or intermediary trade transactions. In the light of the recommendations of the Technical Committee on Services/Facilities to Exporters (Chairman: Shri G. Padmanabhan) to further liberalise and simplify the procedure, the existing guidelines for merchanting or intermediary trade transactions have been reviewed. Accordingly in supersession of the existing guidelines, the revised guidelines will come into effect immediately.

2. While handling merchant trade transactions or intermediary trade transactions, AD Category – I bank may keep the following guidelines in view:

- i) Goods involved in the merchanting or intermediary trade transactions would be the ones that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India, at the time of entering into the contract and all the rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry) are complied with for the export leg and import leg respectively;
- ii) Both the legs of a merchanting or intermediary trade transaction are routed through the same AD bank. The bank should verify the documents like invoice, packing list, transport documents and insurance documents and satisfy itself about the genuiness of the trade.

- iii) The entire merchanting or intermediary trade transactions should be completed within an overall period of nine months and there should not be any outlay of foreign exchange beyond four months.
 - iv) The commencement of merchanting or intermediary trade would be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date would be the date of shipment / export leg receipt or import leg payment, whichever is the last;
 - v) Short-term credit either by way of suppliers' credit or buyers' credit will be available for merchanting or intermediary trade transactions including the discounting of export leg LC by an AD bank, as in the case of import transactions ;
 - vi) AD bank should ensure one-to-one matching in case of each merchanting or intermediary trade transaction and report defaults in any leg by the traders to the concerned Regional Office of RBI on half yearly basis in the format as annexed. The deadline for submission of the report would be 15 calendar days after the close of each half year. In case of repeated defaults i.e. three cases or more in a year, ADs should restrain the traders from entering into any further transaction in merchanting or intermediary trade and consider recommending caution listing of the trader, to the Reserve Bank of India;
- 3.** The merchanting traders have to be genuine traders of goods and not mere financial intermediaries. Confirmed orders have to be received by them from the overseas buyers. Authorised Dealer should satisfy itself about the capabilities of the merchanting trader to perform the obligations under the order. The transactions should result in reasonable profits to the merchanting trader.
- 4.** The inward remittance from the overseas buyer should preferably be received first and the outward remittance to the overseas supplier will be made subsequently. Alternatively, an irrevocable Letter of Credit (LC) should be opened by the buyer in favour of the merchant. On the strength of such LC the merchant in turn may open a LC in favour of the overseas supplier. The terms of payment under both the LCs should be such that payment for import LC is required to be made after receipt of payment under export LC. The export LC should be issued in the name of original merchanting trader in India and import LC should be favouring the original supplier.

In case export leg payment is received in advance, AD banks need not insist on opening of export LC.

5. In case advance against the export leg is received by the merchanting trader, the advance payment may be held in a separate deposit / current account in foreign currency or Indian Rupees. The amount required for import leg should be earmarked till the payment of import and should not be made available to the merchanting trader for use, other than for import payment or short-term deployment of fund limited to the import payable, with the same AD for the intervening period. If advance for the import leg is demanded by the overseas seller, the same should be paid against bank guarantee from an international bank of repute;

6. Reporting for merchanting or intermediary trade for compilation of R-return should be done on **gross basis**, against the undernoted codes :

Trade	Purpose Code under FETERS	Description
Export	P0108	Goods sold under merchanting /receipt against export leg of merchanting trade
Import	S0108	Goods acquired under merchanting /payment against import leg of merchanting trade

7. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned and note the guidelines for strict compliance.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

Annex

Statement on default in Merchanting Trade Transactions (MTT) for the half year ended 30th June/31st December 20....

Name and Address of the Bank :



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

RBI/2013-14/454
A.P. (DIR Series) Circular No.96

January 20, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Facilities for Persons Resident outside India – Clarification

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](#)] and [A.P. \(DIR Series\) Circular No.45 dated October 22, 2012](#) in terms of which Foreign Institutional Investors (FIIs) are allowed to approach any AD Category I bank for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date subject to conditions specified therein.

2. We have been receiving references from market participants as to whether, along similar lines, it is possible for FIIs and other foreign investors to effect remittances on cash /TOM /spot basis to a bank other than the designated AD Category -I custodian bank. In this connection it is clarified that a foreign investor is free to remit funds through any bank of its choice for any transaction permitted under FEMA, 1999 or the Regulations / Directions framed thereunder. The funds thus remitted can be transferred to the designated AD Category -I custodian bank through the banking channel. Note should, however, be taken that KYC in respect of the remitter, wherever required, is a joint responsibility of the bank that has received the remittance as well as the bank that ultimately receives the proceeds of the remittance. While the first bank will be privy to the details of the remitter and the purpose of the remittance, the second bank, will have access to complete information from the recipient's perspective. Besides, the remittance receiving bank is required to issue FIRC to the bank receiving the proceeds to establish the fact the funds had been remitted in foreign currency.

3. All other conditions in our A.P. (DIR Series) circular No.45 dated October 22, 2012 apply mutatis mutandis.
4. AD Category – I bank may bring the contents of this circular to the notice of their constituents and customers.
5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager in Charge

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

RBI/2013-14/ 455
A.P. (DIR Series) Circular No.97

January 20, 2014

To,

All Authorised Persons

Madam/ Sir,

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

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

2. Based on several representations received from Authorised Money Changers (AMCs), regarding difficulties in submitting Resolution of the Board of Directors for undertaking foreign exchange transactions with an AMC and also Power of Attorney granted to its officials to conduct forex transactions on behalf of the company, it has been decided to rationalise the same. Accordingly, the requirement of Resolution of the Board of Directors is being done away with and a corporate may now submit to the AMC a list of officials with names and signatures authorized by the Managing Director / Chief Financial Officer of the company to conduct forex transactions on its behalf. The amended instructions are given in the **Annex**.

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

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.
5. These guidelines are also applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents / franchisees also adhere to these guidelines.
6. Please advise your Principal Officer to acknowledge receipt of this circular letter.
7. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

Rudra Narayan Kar
Chief General Manager-in-Charge

Annex

[Annex to A.P. (DIR Series) Circular No.97 dated January 20, 2014]

Extant Guidelines		Revised Guidelines	
Features	Documents	Features	Documents
Establishment of Business Relationship - Corporate	Certified copy each of the following documents. (i) Certificate of incorporation (ii) Memorandum & Articles of Association (iii) Resolution of the Board of Directors for undertaking forex transactions with the AP (iv) Power of attorney granted to its managers, officers or employees to conduct forex transactions on behalf of the corporate and their identification. (v) PAN Card (vi) Telephone Bill	Establishment of Business Relationship - Corporate	Certified copy each of the following documents. (i) Certificate of incorporation (ii) Memorandum & Articles of Association (iii) List of officials with names, designation and signatures authorized by the Managing Director / Chief Financial Officer of the company to conduct forex transactions on behalf of the company (iv) PAN Card (v) Telephone Bill Note: Corporate should invariably pay to AMCs towards rupee leg of forex transactions through a cheque/bank account of corporate irrespective of the amount of forex transaction



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

RBI/2013-2014/462

A.P. (DIR Series) Circular No. 98

January 27, 2014

To,

All Category - I Authorised Dealer banks

Madam/Sir,

**Exim Bank's Line of Credit of USD 19.50 million
to the Government of the Socialist Republic of Vietnam**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated July 11, 2013 with the Government of the Socialist Republic of Vietnam, for making available to the latter, a Line of Credit (LOC) of USD 19.50 million (USD Nineteen Million Five Hundred Thousand) for financing eligible goods, machinery, equipment, works and services including consultancy services from India for the purpose of financing two projects in Vietnam. The goods, machinery, equipment, works and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from December 27, 2013 and the date of execution of Agreement is July 11, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 10, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in/.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

**RBI/2013-14/473
A.P. (DIR Series) Circular No.99**

January 29, 2014

To,

All Authorised Persons

Madam/ Sir,

**Foreign investment in India by SEBI registered Long term investors in
Government dated Securities**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs), SEBI registered Qualified Foreign Investors (QFIs) and long term investors registered with SEBI may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.111 dated June 12, 2013](#) in terms of which the present limit for investments by FIIs, QFIs and long term investors in Government securities stands at USD 30 billion, out of which a sub-limit of USD 5 billion is available for investment by long term investors in Government dated securities.

3. On a review, it has now been decided, in consultation with Government of India to enhance, with immediate effect, the existing sub-limit of USD 5 billion

available to long term investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds and Foreign Central Banks for investment in Government dated securities to USD 10 billion, within the total limit of USD 30 billion available for foreign investments in Government securities.

4. The operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Government securities remain unchanged.
6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/479
A.P. (DIR Series) Circular No.100

February 4, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Third party payments for export / import transactions

Attention of Authorized Dealer Category – I banks is invited to [A. P. \(DIR Series\) Circular No.70 dated November 8, 2013](#), in terms of which they have been permitted to allow third party payments for export of goods & software / import of goods subject to the conditions stated therein.

2. In view of the difficulties faced by exporters / importers in meeting the condition “firm irrevocable order backed by a tripartite agreement should be in place” specified in the abovementioned Circular, it has been decided that this requirement may not be insisted upon in case where documentary evidence for circumstances leading to third party payments / name of the third party being mentioned in the irrevocable order/ invoice has been produced. This shall be subject to conditions as under:

- (i) AD bank should be satisfied with the bona-fides of the transaction and export documents, such as, invoice / FIRC.
- (ii) AD bank should consider the FATF statements while handling such transaction.

3. Further, with a view to liberalising the procedure, the limit of USD 100,000 eligible for third party payment for import of goods, stands withdrawn.

4. All other terms & conditions mentioned in the A. P. (DIR Series) Circular No.70 dated November 8, 2013 remain unchanged.

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

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/481
A.P. (DIR Series) Circular No.101

February 4, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Export of Goods and Services:
Export Data Processing and Monitoring System (EDPMS)**

Attention of Authorised Dealers is invited to [A. P. \(DIR Series\) Circular No. 12 dated September 9, 2000](#) in terms of which AD Category – I banks are required to furnish the various returns/statements relating to export of Goods/Services as given under Part C- Authorised Dealer obligation in the annexure of the said circular. The mode/manner of submission of return has been amended from time to time.

2. As of now, AD banks are submitting the various returns like XOS (export outstanding statements), ENC (Export Bills Negotiated / sent for collection) for acknowledgement of receipt of Export documents, Sch.3 to 6 (realization of export proceeds), EBW (write-off of export bills), ETX (extension of realization of export bills) relating to Export transaction under FEMA to RBI. These various returns are being managed on a different solo application or manually.
3. With a view to simplify the procedure for filling various returns and for better monitoring, a comprehensive IT- based system called EDPMS has been developed which will facilitate the banks to report all the above mentioned returns through a single platform. In the new system, the primary data on exports transactions including offsite software exports from all the sources viz. Customs/SEZ/STPI will flow to RBI secured server and then the same will be shared with the respective banks for follow up with the exporters. Subsequently, the document submission and realization data will be reported back by the AD banks to RBI through the same secured RBI server so as to update the RBI database on real time basis to facilitate

quicker follow up/ data generation. The AD banks are required to download and upload the data on daily basis.

4. The system will also facilitate the Authorised Dealer to raise the Authorised Dealer (AD) transfer request in case of Export document submitted to the Authorised Dealers other than declared in the export document which will discontinue the paper based NOC issued by the AD banks. AD banks have to approve/disapprove the AD transfer request within 7 days from date of request.

5. The date of inception of the system along with user credentials and web link for accessing the system would be communicated to the AD banks shortly through e-mail. For user name and password, AD banks are advised to submit a fill-in form (format annexed) through [E-mail](#) on or before February 10, 2014. Clarification required, if any, may also be sent to the aforesaid email-id of Reserve Bank of India.

6. A cut-off date for shipping documents to be reported in the new system will be notified shortly which will be the commencement date of the new system. The entire shipping document should be reported in the new system after cut-off date and old shipping documents would continue to be reported in the old system till completion of the cycle. Both the old and new systems will run parallel to each other for some time before the old system is discontinued.

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

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

Yours faithfully,

**(C.D Srinivasan)
Chief General Manager**

Contact Information Form* for creation of User id- EDPMS

(Fill in Capital Letters)

A. Name of the Bank	
B. Contact Information	
B.1 Name	
B.2 Designation	
B.3 Address	
B.3.1	
B.3.2 City	
B.3.3 State	
B.3.3 Pin code	
B.4 Phone No	
C.4.1 STD Code	
C.4.2 Number	
B.5 Fax	
B.4.1 STD Code	
B.4.2 Number	
B.6 Email-1	
B.7 Email-2	
* Don't keep any column blank. In future, any change should be informed immediately to E-mail (projectfed@rbi.org.in).	
For RBI use only (Don't write anything below this line)	
USER ID :	
PASSWORD:	



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

RBI/2013-14/490
A.P. (DIR Series) Circular No. 102

February 11, 2014

To

All Category - I Authorised Dealer banks

Madam / Sir,

**Foreign Direct Investment –
Reporting under FDI Scheme: Amendments in form FC-GPR**

Attention of Authorised Dealers Category-I (AD Category - I) banks is invited to provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 (hereinafter referred to as Notification No. FEMA 20), as amended from time to time. Attention of AD Category - I banks is also invited to [A.P. \(DIR Series\) Circular No.40 dated April 20, 2007](#), [A.P. \(DIR Series\) Circular No. 44 dated May 30, 2008](#) and [A. P. \(DIR Series\) Circular No.110 dated June 12, 2013](#).

2. In terms of para 9 (1) A of Schedule I to the FEMA Notification No. 20 dated May 03, 2000 as amended from time to time, Indian companies are required to report the details of the amount of consideration received for issuing shares and convertible debentures under the Foreign Direct Investment (FDI) scheme to the Regional Office of the Reserve Bank in whose jurisdiction the Registered Office of the company operates, within 30 days of receipt of the amount of consideration. Further, in terms of Para 9 (1) B of Schedule ibid, the companies are required to report the details of the issue of shares / convertible debentures in form FC-GPR, to the Regional Office concerned, within 30 days of issue of shares / convertible debentures.

3. In order to further capture the granular details of FDI as regards Brownfield/Greenfield investments and the date of incorporation of investee company, Form FC-GPR has been revised. Accordingly, the details of FDI should, henceforth, be reported in the revised Form FC-GPR, enclosed as Annex-I

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,

(Rudra Narayan Kar)
Chief General Manager In-Charge

**[ANNEX-I to A.P. (DIR Series)
Circular No.102 of 11.02.2014]**

Form FC-GPR

(To be filed by the company through its Authorised Dealer Category – I bank with the Regional Office of the RBI under whose jurisdiction the Registered Office of the company making the declaration is situated as and when shares/convertible debentures / others are issued to the foreign investor, along with the documents mentioned in item No. 5 of the undertaking enclosed to this form. All fields are mandatory).

Permanent Account Number (PAN) of the investee company given by the Income Tax Department	<input type="text"/>
<i>Date of issue of shares / convertible debentures/others</i>	<input type="text"/>

No.	Particulars	(In Block Letters)
1.	Name of the Investee Company	
	Address of the Registered Office of the Investee Company with City, District and State clearly mentioned	
	Telephone	
	Fax	
	e-mail	
State		
Registration No. given by Registrar of Companies and Date of Incorporation.		

	Whether existing company or new company (strike off whichever is not applicable)	Existing company / New company (Brownfield) (Greenfield)
	If existing company, give registration number allotted by RBI for FDI, if any	

2.	Description of the main business activity NIC Code	
	Location of the project and NIC code for the district where the project is located a)Detailed address including Name, City, District and State b) Code for District c) Code for State	
	Percentage of FDI allowed as per FDI policy (Sectoral cap under FDI Policy)	
	State whether FDI is allowed under Automatic Route or Approval Route (strike out whichever is not applicable) (If under approval route, give SIA/FIPB approval No. with date)	Automatic Route / Approval Route

3	Details of the foreign investor / collaborator ^{1*} (Details of foreign residence to be given. Indian address if any should not be given)		
	Name Address Country Constitution / Nature of the investing Entity [Specify whether <ul style="list-style-type: none"> 1. Individual 2. Company (Please specify if erstwhile OCB) 3. FII 4. FVCI[#] 5. Foreign Trust 6. Private Equity Fund 7. Pension / Provident Fund 8. Sovereign Wealth Fund (SWF)² 9. Partnership / Proprietorship Firm 10. Financial Institution 11. NRIs / PIO 12. Others (please specify)] Date of incorporation:		

4	Particulars of Shares / Convertible Debentures /others Issued		
(a)	Nature and date of issue		
	<i>Nature of issue</i>	<i>Date of issue</i>	<i>Number of shares/ convertible debentures/others</i>
01	IPO / FPO		
02	Preferential allotment / private placement		
03	Rights		
04	Bonus		
05	Conversion of ECB		
06	Conversion of royalty (including lump sum payments)		
07	Conversion against import		

* If there is more than one foreign investor/collaborator, separate Annex may be included for items 3 and 4 of the Form.

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

[#] The investment/s is/are made by FVCI under FDI Scheme in terms of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.

		of capital goods by units in SEZ		
08	ESOPs			
09	Share Swap			
10	Others (please specify)			
	Total			

Type of security issued							
No.	Nature of security	Number	Maturity	Face value	Premium	Issue Price per security	Amount of inflow*
01	Equity						
02	Compulsorily Convertible Debentures						
03	Compulsorily Convertible Preference shares						
04	Others (please specify)						
	Total						

- i) In case the issue price is greater than the face value please give break up of the premium received.
ii) * In case the issue is against conversion of ECB or royalty or against import of capital goods by units in SEZ, a Chartered Accountant's Certificate certifying the amount outstanding on the date of conversion

(c)	Break up of premium	Amount
	Control Premium	
	Non competition fee	
	Others [@]	
	Total	

[@] Please specify the nature

(d)	Total inflow (in Rupees) on account of issue of shares / convertible debentures/others to non-residents (including premium, if any) vide (i) Remittance through AD: (ii) Debit to NRE/FCNR/Escrow A/c with Bank _____ (iii) Others (please specify) Date of reporting of (i) and (ii) above to RBI under Para 9 (1) A of Schedule I to Notification No. FEMA 20 /2000-RB dated May 3, 2000, as amended from time to time.	
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(e)	Disclosure of fair value of shares issued**				
	We are a listed company and the market value of a share as on date of the issue is*				
	We are an un-listed company and the fair value of a share is*				

** before issue of shares

*(Please indicate as applicable)

5. Post issue pattern of shareholding		Equity			Compulsorily convertible Preference Shares/ Debentures/others		
Investor category		No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a)	Non-Resident						
	01 Individuals						
	02 Companies						
	03 FIIs						
	04 FVCIs [#]						
	05 Foreign Trusts						
	06 Private Equity Funds						
	07 Pension/ Provident Funds						
	08 Sovereign Wealth Funds						
	09 Partnership/ Proprietorship Firms						
	10 Financial Institutions						
	11 NRIs/PIO						
	12 Others (please specify)						
Sub Total							
b)	Resident						
Total							

[#] The investment/s is/are made by FVCI under FDI Scheme in terms of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.

DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY: *(Delete whichever is not applicable and authenticate)*

We hereby declare that:

1. We comply with the procedure for issue of shares / convertible debentures as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.

2. The investment is within the sectoral cap / statutory ceiling permissible under the Automatic Route of RBI and we fulfil all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable).

a) Shares issued on rights basis to non-residents are in conformity with Regulation 6 of the RBI Notification No FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.

OR

b) Shares issued are bonus.

OR

c) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of de-merger or otherwise of an Indian company, duly approved by a court in India.

OR

d) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA /FIPB approval No. _____
dated _____

4. The foreign investment received and reported now will be utilized in compliance with the provision of a Prevention of Money Laundering Act 2002 (PMLA) and Unlawful Activities(Prevention) Act, 1967 (UAPA). We confirm that the investment complies with the provisions of all applicable Rules and Regulations

5. We enclose the following documents in compliance with Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000:

(i) A certificate from our Company Secretary certifying that

- (a) all the requirements of the Companies Act, 1956 have been complied with;
 - (b) terms and conditions of the Government approval, if any, have been complied with;
 - (c) the company is eligible to issue shares under these Regulations; and
 - (d) the company has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.
- (ii) A certificate from SEBI registered Merchant Banker / Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

6. Unique Identification Numbers given for all the remittances received as consideration for issue of shares/ convertible debentures/others (details as above), by Reserve Bank.

R																			
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R																			
---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Signature of the Applicant)* : _____

(Name in Block Letters) : _____

(Designation of the signatory) : _____

Place:

Date:

(* To be signed by Managing Director/Director/Secretary of the Company)

CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY³ OF THE INDIAN COMPANY ACCEPTING THE INVESTMENT:

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000)

In respect of the abovementioned details, we certify the following :

1. All the requirements of the Companies Act, 1956 have been complied with.
 2. Terms and conditions of the Government approval, if any, have been complied with.
 3. The company is eligible to issue shares / convertible debentures/others under these Regulations.
 4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

(Name & Signature of the Company Secretary) (Seal)

FOR USE OF THE RESERVE BANK ONLY:

Registration Number for the FC-GPR:

Unique Identification Number allotted to the Company at the time of reporting receipt of remittance

³ If the company doesn't have full time Company Secretary, a certificate from practicing Company Secretary may be submitted



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

**RBI/2013-14/493
A.P. (DIR Series) Circular No.103**

February 14, 2014

To

All Scheduled Commercial Banks which are Authorised Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam / Sir,

Import of Gold / Gold Dore by Nominated Banks /Agencies/Entities - Clarifications

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 25 dated August 14, 2013](#); and [A.P. \(DIR Series\) Circular No. 73 dated November 11, 2013](#) on the captioned subject.

2. Government of India and the Reserve Bank of India have been receiving representations related to Advance Authorisation (AA) / Duty Free Import Authorisation (DFIA). Taking into account these representations and in consultation with the Government of India, it has been decided to issue the following clarifications which come into force with immediate effect:

- a) In case of AA / DFIA issued before August 14, 2013, the condition of sequencing imports prior to exports shall not be insisted upon even in case of entities / units in the SEZ and EoUs, Premier and Star Trading Houses.
- b) The imports made as part of the AA / DFIA scheme will be outside the purview of the 20:80 scheme. Such Imports will be accounted for separately and will not entitle the Nominated Agency/ Banks/Entities for any further import.
- c) The Nominated Banks / Agencies / Entities may make available gold to the exporters (other than AA/DFIA holders) operating under the Replenishment Scheme. They can resort to import of gold for the purpose, if considered

necessary. However, such import will be accounted for separately and will not entitle them for any further import.

- d) Import of gold in the third lot onwards will be lesser of the two:
- i. Five times the export for which proof has been submitted; or
 - ii. Quantity of gold permitted to a Nominated Agency in the first or second lot.

A revised working example of the operations of 20:80 scheme envisaged in terms of the revised instructions is given in the Annex.

3. Further with reference to [A.P. \(DIR Series\) Circular No. 82 dated December 31, 2013](#) on import of Gold Dore, it is clarified that:

- i) The refiners are allowed to import Gold Dore of 15% of their licence for each of the first two months.
- ii) In case, the quantity has already been identified by DGFT for first two lots, import of such quantity will be in compliance with the guidelines issued vide [A.P. \(DIR Series\) Circular No. 82 dated December 31, 2013](#).
- iii) DGFT, through a notification, may include new refiners, and fix licence quantity for them.

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

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

Yours faithfully,

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

Revised working example of the operations of 20/80 scheme for import of gold*

1. A Nominated Bank / Agency / any other entity ABC imports say 100 kg of gold, which shall be routed through custom bonded warehouses only. If considered necessary, the lot can be procured through two invoices – one for exporters (i.e. 20%) and the other one for domestic users (80%).
2. Out of the above import of 100 kg, 20 kg. gold held in the bonded warehouse can be got released, in part or full, to be made available to the exporters of gold against an undertaking to Customs Authorities as is the practice now.
3. The balance 80 kg can be supplied in part or full to domestic entities engaged in jewellery business / bullion traders / banks operating the Gold Deposit Scheme against full upfront payment. In other words, no credit sale of gold in any form will be permitted for domestic use. In case, the Nominated Bank itself is operating the Gold Deposit Scheme, the bank is permitted to use out of 80 kg, a portion for regularising own open position in gold arising out of operations of the Gold Deposit Scheme.
4. Next lot of import of 100 kg of gold by ABC shall be permitted by the Customs Authorities only after the proof of export (i.e. 20% of the imported lot) is submitted.
5. Import of gold in the third lot onwards will be lesser of the two:
 - i) *Five times the export for which proof has been submitted; or*
 - ii) *Quantity of gold permitted to a Nominated Agency in the first or second lot.*

Note: The same procedure is to be followed by the refineries and by any other entity importing gold in any other form/purity and in the case of import of Gold Dore also.

* *First lot of gold import will be counted with effect from 14.08.2013.*



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

**RBI/2013-14/494
A.P. (DIR Series) Circular No.104**

February 14, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign investment in India by SEBI registered FII, QFI and long term investors in Corporate Debt

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs), SEBI registered Qualified Foreign Investors (QFIs) and long term investors registered with SEBI may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.94 dated April 1, 2013](#), in terms of which the present limit for investment by SEBI registered FIIs, QFIs and long term investors in Corporate debt stands at USD 51 billion. Out of the above limit of USD 51 billion, a sub-limit of USD 3.5 billion is available for investment by eligible investors in Commercial Paper (CP). This sub-limit is being presently utilised only to the extent of around 58% of the limit put in place by SEBI.

3. On a review, to encourage long term investors, it has now been decided, to reduce, with immediate effect, the existing Commercial Paper sub-limit of USD 3.5 billion by USD 1.5 billion to USD 2 billion. The balance USD 1.5 billion shall, however, continue to be part of the total Corporate debt limit of USD 51 billion and will be available to eligible foreign investors for investment in Corporate debt.

The revised position is given below:

Instruments	Limit	Eligible Investors	Remarks
Corporate Debt including Commercial Papers	USD 51 Billion	FIIIs, QFIIIs and Long terms investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.	Eligible Investors may invest in Commercial Papers only upto USD 2 billion within the limit of USD 51 billion.

4. The operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Corporate debt remain unchanged.
6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/495

A. P. (DIR Series) Circular No. 105

February 17, 2014

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) – Reporting arrangements

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide Notification No. FEMA 3/2000-RB dated May 3, 2000, as amended from time to time and [A.P. \(DIR Series\) Circular No.60 dated January 31, 2004](#) relating to reporting arrangements for ECB.

2. In order to capture details of the financial hedges contracted by corporates, of their foreign currency exposure relating to ECB and their foreign currency earnings and expenditure, the format of ECB-2 Return has been modified (Part-E) and the same has been given in the Annex. The reporting in the modified ECB-2 Return will be applicable from the return of the month April 2014 onwards.

3. There is no change in the reporting procedure and corporates raising ECB continue to submit ECB-2 Return on a monthly basis duly certified by the designated AD Category-I bank so as to reach Department of Statistics and Information Management (DSIM) of Reserve Bank of India within seven working days from the close of month to which it relates.

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

5. The directions contained in this circular has been issued under sections 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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

ECB - 2

Reporting of actual transactions of External Commercial Borrowings (ECB)
under Foreign Exchange Management Act, 1999
(for all categories and any amount of loan)

Return for the month of _____

1. This return should be filled in for all categories of ECB. It should be submitted within 7 working days from the close of the month through the designated Authorised Dealer Category-I bank to the Director, Department of Statistics and Information Management (DSIM), Balance of Payments Statistics Division, Reserve Bank of India, C-8/9, Bandra-Kurla Complex, Bandra (East), Mumbai-400 051. If there is no transaction during a particular period, a **Nil** return should be submitted.
2. Please do not leave any column blank. Furnish complete particulars against each item. In case an item is not applicable, write "N.A." against it.
3. All dates should be in format YYYY/MM/DD (e.g., 2014/04/21 for April 21, 2014).
4. Borrowers obtaining sub-loans through DFIs/Banks/NBFCs etc. should not complete this form as the concerned financial institution would directly submit ECB-2.
5. The Company Secretary / Chartered Accountant must scrutinise related original documents and ensure that the return is complete and in order as per ECB guidelines issued by Government/RBI, before forwarding it to RBI.
6. Loan Registration Number should be specified for all the loans approved after February 01, 2004. For earlier loans, Loan Identification Number (LIN) / Registration Number allotted by RBI should be specified.
7. If space is not sufficient for giving full information against any item, a separate sheet may be attached to the return and serially numbered as Annex.
8. Following purpose codes for use in Part C (Utilisation).

Code	Description	Code	Description
IC	Import of capital goods	PT	Ports
IN	Import of non-capital goods	IS	Industrial parks
RL	Local sourcing of capital goods (Rupee expenditure)	UI	Urban infrastructure
RC	Working Capital (Rupee expenditure)	OI	Overseas Investment in JV/WOS
SL	On-lending or sub-lending	IT	Development of Integrated Township
RP	Repayment of earlier ECB	DI	PSU Disinvestment
IP	Interest payments	TS	Textile/Steel Restructuring Package
HA	Amount held abroad	MF	Micro Finance Activity
NP	New project	OT	Others (Pl. specify)
ME	Modernisation /Expansion of existing units	ER	Mining, Exploration and Refining
PW	Power	CS	Cold storage or cold room facility
TL	Telecommunication	CI	Interest during construction
RW	Railways	RR	Refinancing of rupee loans
RD	Roads	RB	Redemption of FCCBs

9. Following codes for use in Part D (Debt Servicing) for source of remittance:

Code	Description
A	Remittance from India
B	Account held abroad
C	Export proceeds held abroad
D	Conversion of equity capital
E	Others (Specify)

Part A: Loan Identification Particulars

Loan Registration Number (LRN)								
Loan Amount			Borrower Particulars					
		Currency	Amount	Name and address of the Borrower (Block Letters) Contact Person's Name: Designation: Phone No. : Fax no. : E-mail ID :				
As per Agreement								
		Revised (please indicate if period of disbursement elapsed/ cancelled/ not to be drawn in future)						

Part B: Disbursement

B.1: Draw-down (Disbursement) during the month (in loan currency) :

Particulars	Date (YYYY/MM/DD)	Currency	Amount	Name of Bank/branch	Account No.
A. Amount Parked Abroad					
B. Amount Remitted to India					Not Required
Notes: 1. In the case of import of goods or services, date of import may be furnished against date of drawdown. 2. In the case of financial lease date of acquisition of the goods is to be mentioned as date of drawdown. 3. In the case of securitised instruments, date of issue may be shown as date of drawdown 4. In the case of multi-currency loan a separate block(s) may be attached to the return					

B.2: Balance amount of loan to be drawn in future:

Expected Date of drawdown	Currency	Amount	If more than one equal installment	
			Total number of drawals	No. of drawals in a calendar year

Part C : Utilisation

C.1: Details of utilisation of drawdowns (only principal amount) during the month:

Particulars	Date	Purpose code *	Currency	Amount	Country	Name of Bank	Account No.
From Amount Held Abroad							
From Amount Remitted to India							
Not Required							

* Codes as per note 8 on page 1.

C.2: Outstanding balance amount (principal only) parked abroad:

Particulars	Date	Currency	Amount	Name of bank and branch	Account No.
as at month-end					

Part D : Debt Servicing

D.1: Principal repayment, interest payment etc. during the month (in loan currency):

Tranche No.	Purpose	Date of Remittance	Currency	Amount	Code* for Source of remittance	Whether Prepayment of Principal (Y/N) #
	Principal Repayment @					
	Interest @ rate					
	Others (Specify)					

* Codes as per note 9 on page 1.
In case of prepayment please provide details of Automatic / Approval Route No., Date, Amount as Annex.
@ In case of conversion of FCCB/ECB into equity, Buyback/Redemption of outstanding FCCB or write-off of ECB principal amount, the transactions still to be shown against Principal Repayment with appropriate remarks.

D.2: Revised Principal Repayment Schedule (if revised / entered into interest rate swap):

Date (YYYY/MM/DD) (First repayment date)	Currency	Amount in Loan Currency in each transactions	If more than one equal installments		Annuity Rate (if annuity payment)
			Total Number of installments	No. of payments in a calendar year (1, 2, 3, 4, 6, 12)	

Part E : Others

E.1 Details of Financial Hedge Contracted (if any):

Details	Type	Currency Swap	Forward	Options	Others	Total amount	Interest Rate Swap
Principal	FCy - Rupee						
	FCy - FCy						
Coupon	FCy - Rupee						
	FCy - FCy						

FCy – Foreign Currency

E.2 Details of Foreign Exchange Earnings and Expenditure (if any):

Average annual amount (approximate) for last three financial years (to be reported in any one foreign currency):

Financial Year	Currency	Foreign Currency Earnings	Foreign Currency Expenditure

Part F: Outstanding Principal Amount**Outstanding loan Amount (in Loan Currency):**

(i.e., total drawdown less total repayments at month-end)

Currency _____

--	--	--

 Amount _____

We hereby certify that the particulars given above are true and correct to the best of our knowledge and belief. No material information has been withheld and / or misrepresented.

Place : _____

[Stamp]

Signature of Authorised Official of borrowing
company

Date : _____

Name : _____

Designation : _____

Telephone No.: _____

Certificate from Company Secretary / Chartered Accountant

We hereby certify that the ECB availed in terms of approval granted by Government or RBI or under approval route / automatic route is duly accounted in the books of accounts. Further, ECB proceeds have been utilised by the borrower for the purpose of _____. We have verified all the related documents and records connected with the utilisation of ECB proceeds and found these to be in order and in accordance with the terms and conditions of the loan agreement and with the approval granted by GoI (MoF) or RBI or under approval route / automatic route and is in conformity with the applicable ECB Guidelines.

Authorised Signatory : _____

Name & Address : _____

Place : _____

Registration No. : _____

Date : _____

[Stamp]

Certificate by an Authorised Dealer

We hereby certify that the information furnished above with regard to debt servicing, outstanding and repayment schedule is true and correct as per our record. The drawal, utilisation and repayment of the ECB have been scrutinised and it is certified that such drawal, utilisation and repayments of ECB are in compliance with ECB guidelines

Signature of Authorised Dealer

[Stamp]

Place : _____

Name : _____

Date : _____

Designation : _____

Telephone No. : _____

Name & Address of Authorised Dealer:

E-mail ID: _____



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

**RBI/2013-14/496
A.P (DIR Series) Circular No. 106**

February 18, 2014

To,
All Category- I Authorised Dealer Banks

Madam/ Sir,

**Facilities to NRIs/PIOs and Foreign Nationals – Liberalisation
- Reporting Requirement**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 12 dated November 16, 2006](#) in terms of which the lock-in period of 10 years for remittance of sale proceeds of immovable property was dispensed with and AD Category - I banks could allow remittances out of balances in NRO accounts including sale proceeds of immovable property provided the amount does not exceed USD one million per financial year (April-March). In terms of the circular ibid, AD - Category I banks were required to furnish on a quarterly basis, to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (NRFAD), Reserve Bank of India, Central Office, Mumbai-400001 within 10 days of the reporting quarter, a statement on the number of applicants and total amount remitted, as per proforma annexed to it.

2. With a view to having access to more real time data, it has been decided to collect this information on a monthly basis. Accordingly, AD - Category I banks may furnish on a monthly basis, a statement on the number of applicants and total amount remitted, as per proforma annexed, to the Chief General Manager-in-Charge, Foreign Exchange Department, Foreign Investments Division (NRFAD), Reserve Bank of India, Central Office, Mumbai-400001 within 7 days of the end of the reporting month. The data may be sent preferably by [e-mail](#) as per the proforma.

3. It may be noted that the proforma has been revised to also include “Transfers from NRO to NRE account”.
4. AD Category- I banks may bring the contents of the circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C D Srinivasan)
Chief General Manager

Annexure

Statements indicating the details of remittances made by NRIs/PIOs Foreign nationals out of the NRO accounts for the month ended

Name of the bank:

No. of remittance on account of				Amount in USD			
Sale proceeds of immovable property	Other assets	Transfers from NRO to NRE account	Total	Sale proceeds of immovable property	Other assets	Transfers from NRO to NRE account	Total

Signature of the authorised official:

Name and Designation:

Date:



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

RBI/2013-14/498

February 20, 2014

A.P. (DIR Series) Circular No.107

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment (FDI) into a Small Scale Industrial Undertakings (SSI) / Micro & Small Enterprises (MSE) and in Industrial Undertaking manufacturing items reserved for SSI/MSE

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Schedule 1 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. In terms of the Schedule 1 of the Notification, ibid, an Indian company which is a small scale industrial unit and which is not engaged in any activity or in manufacture of items included in Annex A, may issue shares or convertible debentures to a person resident outside India, to the extent of 24% of its paid -up capital provided that such company may issue shares in excess of 24% of its capital if:

- (a) it has given up its small scale status,
- (b) it is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, and

- (c) it complies with the ceilings specified in Annex B to Schedule I of the Notification.
3. With the promulgation of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the extant policy for foreign direct investment (FDI) in Small Scale Industrial unit and in a company which has de-registered its small scale industry status and is not engaged or does not propose to engage in manufacture of items reserved for small scale sector, has since been reviewed and it has been decided that;
- (i) a company which is reckoned as Micro and Small Enterprises (MSE) (earlier Small Scale Industries) in terms of MSMED Act, 2006 and not engaged in any activity/sector mentioned in Annex A to schedule 1 to the Notification, ibid may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed in Annex B to schedule 1, in accordance with the entry routes specified therein and the provision of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.
 - (ii) any Industrial undertaking, with or without FDI, which is not an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue shares in excess of 24 per cent of its paid up capital with prior approval of the Foreign Investment Promotion Board of the Government of India.
4. Further, in terms of the provisions of MSMED Act, (i) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, a micro enterprise means where the investment in plant and machinery does not exceed twenty five lakh rupees; a small enterprise means where the investment in plant and machinery is more than twenty five

lakh rupees but does not exceed five crore rupees; (ii) in the case of the enterprises engaged in providing or rendering services, a micro enterprise means where the investment in equipment does not exceed ten lakh rupees; a small enterprise means where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

5. [Copy of Press Note No. 6\(2009\) dated September 4, 2009](#) issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India in this regard is enclosed.

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

7. Reserve Bank has since amended the Regulations and notified vide [Notification No. FEMA. 230/2012-RB dated May 29, 2012](#), notified vide. G.S.R. No.797(E) dated October 30, 2012 read with Corrigendum dated September 10, 2013 notified vide. G.S.R. No.624(E) dated September 12, 2013 .

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager In-Charge



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

**RBI/2013-14/499
A.P. (DIR Series) Circular No.108**

February 24, 2014

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 Nicaragua**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated June 14, 2013 with the Government of the Republic of Nicaragua for making available to the latter, a Line of Credit (LOC) of USD 10 million (USD Ten million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of financing purchase of equipment from India for building two electric sub-stations in Nicaragua. The goods, machinery and equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services 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 31, 2014 and the date of execution of Agreement is June 14, 2013. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the

scheduled completion date(s) of contract(s) in the case of project exports and 72 months (June 13, 2019) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2013-14/507

A.P. (DIR Series) Circular No. 109

February 28, 2014

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Export of Goods and Services:
Export Data Processing and Monitoring System (EDPMS)

Attention of Authorised Dealers is invited to A. P. (DIR Series) Circular No. 12 dated September 9, 2000 read with A.P. (DIR Series) Circular No.101 dated February 04, 2014 in terms of which a comprehensive IT- based system called Export Data Processing and Monitoring System (EDPMS) has been developed for better monitoring of export of goods and software and facilitating AD banks to report various returns through a single platform. It has been further advised that the date of inception of the system along with user credentials and web link for accessing the system would be communicated to the AD banks shortly.

2. It is now advised that EDPMS has been operationalized with effect from February 28, 2014 and the same would be available to AD banks with effect from March 01, 2014. Accordingly, AD banks are advised to use web link <https://edpms.rbi.org.in/edpms> for accessing the system. The user credentials for accessing the system have already been shared with the AD banks.
3. Henceforth, the entire shipping documents should be reported in the new system and old shipping documents would continue to be reported in the old system till completion of the cycle. Both the old and new systems will run parallel to each other for some time before the old system is discontinued. This will be advised to AD banks separately.
4. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the FEMA, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(C.D Srinivasan)
Chief General Manager



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

RBI/2013-14/511
A.P. (DIR Series) Circular No. 110

March 4, 2014

To,

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

Madam / Sir,

Money Transfer Service Scheme – ‘Direct to Account’ facility

Attention of Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) is invited to Para 4.4 (e) Payment to Beneficiaries of [Annex II](#) - Section I of the A.P. (DIR Series) Circular No. 89 dated March 12, 2013 on Money Transfer Service Scheme – Revised Guidelines, as amended from time to time.

2. To facilitate receipt of foreign inward remittances directly into bank account of the beneficiary, it has been decided to allow foreign inward remittances received under MTSS to be transferred to the KYC compliant beneficiary bank account through electronic mode, such as NEFT, IMPS etc. The procedure to be followed for the purpose is as under.

Foreign inward remittances received by the bank acting as Indian Agent under MTSS (termed as ‘Partner Bank’), may be electronically credited directly to the account of the beneficiary, held with a bank other than the Indian Agent Bank (termed as ‘Recipient Bank’), subject to the following conditions:

- A. The Recipient Bank will credit the amount transferred by the Partner bank only to KYC compliant bank accounts.
- B. In respect of the bank accounts which are not KYC compliant, the Recipient Bank shall carry out KYC/CDD of the recipient before the remittance to such account is credited or allowed to be withdrawn.
- C. The Partner Bank shall appropriately mark the direct-to-account remittances to indicate to the Recipient Bank that it is a foreign inward remittance.

- D. The Partner Bank shall ensure that accurate originator information and necessary beneficiary information is included in the electronic message while transferring the fund to the Recipient Bank. This information should be available in the remittance message throughout the payment chain i.e. the overseas principal, the Partner Bank and the Recipient Bank. The Partner Bank should add an appropriate alert in the electronic message indicating that this is a foreign inward remittance and should not be credited to KYC non-compliant account and NRE/NRO account.
- E. The identification and other documents of the recipient shall be maintained by the Recipient Bank as per the provisions of Prevention of Money Laundering (Maintenance of Records) Rules, 2005. All other requirements under KYC/AML/CFT guidelines issued by the Reserve Bank of India for MTSS from time to time shall be adhered to by the Partner Bank.
- F. The Recipient Bank may seek additional information from the Partner Bank and shall report suspicious transactions to the FIU-IND with details of the Partner Bank through which they received the remittances.

3. All other instructions issued vide A. P. (DIR Series) Circular No. 89 dated March 12, 2013, as amended from time to time, will remain unchanged.
4. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager In-Charge



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

RBI/2013-14/516

A. P. (DIR Series) Circular No. 111

March 13, 2014

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Rupee Drawing Arrangement - Increase in trade related remittance limit

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Part (B) of Annex-I to the [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on Memorandum of Instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro Accounts of Non-resident Exchange Houses, as amended from time to time.

2. On a review of the Permitted Transactions under the Rupee Drawing Arrangements (RDAs), it has been decided to increase the limit of trade transactions from the existing Rs 2,00,000/- (Rupees Two Lakh only) per transaction to Rs 5,00,000/- (Rupees Five Lakh only) per transaction, with immediate effect.
3. All other instructions issued vide A.P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, will remain unchanged.
4. AD Category - I banks may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

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



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

**RBI/2013-14/ 533
A.P. (DIR Series) Circular No.112**

March 25, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Foreign Portfolio Investor - investment under Portfolio Investment Scheme,
Government and Corporate debt**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the Principal Regulations) notified by the Reserve Bank vide [Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. The extant guidelines for Portfolio Investment Scheme for Foreign Institutional Investor (FII) and Qualified Foreign Investor (QFI) have since been reviewed and it has been decided to put in place a framework for investments under a new scheme called ‘Foreign Portfolio Investment’ scheme.

3. The salient features of the new scheme are:

- The portfolio investor registered in accordance with SEBI guidelines shall be called ‘Registered Foreign Portfolio Investor (RFPI)’. The existing portfolio investor class, namely, Foreign Institutional Investor (FII) and Qualified Foreign Investor (QFI) registered with SEBI shall be subsumed under RFPI;
- RFPI may purchase and sell shares and convertible debentures of Indian company through registered broker on recognised stock exchanges in India

as well as purchases shares and convertible debentures which are offered to public in terms of relevant SEBI guidelines/ regulations.

- RFPI may sell shares or convertible debentures so acquired
 - a) in open offer in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or
 - b) in an open offer in accordance with the SEBI (Delisting of Equity shares) Regulations, 2009; or
 - c) through buyback of shares by a listed Indian company in accordance with the SEBI (Buy-back of securities) Regulations, 1998.
- RFPI may also acquire shares or convertible debentures
 - a) in any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government; or
 - b) in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- The individual and aggregate investment limits for the RFPIs shall be below 10% (per cent) or 24% (per cent) respectively of the total paid-up equity capital or 10% (per cent) or 24% (per cent) respectively of the paid-up value of each series of convertible debentures issued by an Indian company. Further, where there is composite sectoral cap under FDI policy, these limits for RFPI investment shall also be within such overall FDI sectoral caps;
- RFPI shall be eligible to open a Special Non-Resident Rupee (SNRR) account and a foreign currency account with Authorised Dealer bank and to transfer sums from foreign currency account to SNRR account at the prevailing market rate for making genuine investments in securities. The

Authorised Dealer bank may transfer repatriable proceeds (after payment of applicable taxes) from SNRR account to foreign currency account ;

- RFPI shall be eligible to invest in government securities and corporate debt subject to limits specified by the RBI and SEBI from time to time;
- The investment by RFPI will be made subject to the SEBI (FPI) Regulations 2014, modified by SEBI/Government of India from time to time;
- RFPI shall be permitted to trade in all exchange traded derivative contracts on the stock exchanges in India subject to the position limits as specified by SEBI from time to time;
- RFPI may offer cash or foreign sovereign securities with AAA rating or corporate bonds or domestic Government Securities, as collateral to the recognized Stock Exchanges for their transactions in the cash as well as derivative segment of the market.

4. Any foreign institutional investor who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (RFPI) till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. A QFI may continue to buy, sell or otherwise deal in securities subject to the SEBI (FPI) Regulations, 2014 for a period of one year from the date of commencement of these regulations, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

However, all investments made by that FII/QFI in accordance with the regulations prior to registration as RFPI shall continue to be valid and taken into account for computation of aggregate limit.

5. RFPI shall report the transaction to RBI as being reported by FII in LEC Form as per extant practice.
6. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

7. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Second Amendment) Regulations, 2014 notified vide [Notification No. FEMA.297/2014-RB dated March 13, 2014](#), c.f. G.S.R. No. 189(E) dated March 19, 2014.

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

Yours faithfully

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



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

**RBI/2013-14/537
A.P. (DIR Series) Circular No.113**

March 26, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) for Civil Aviation Sector

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 113 dated April 24, 2012](#) in terms of which External Commercial Borrowings (ECB) can be raised by airline companies for working capital as a permissible end-use, under the approval route, subject to the conditions stipulated in the said Circular. The scheme was extended till December 31, 2013 vide [A.P. \(DIR Series\) Circular No. 116 dated June 25, 2013](#).

2. On a review, it has been decided that this scheme of raising ECB for working capital for Civil Aviation Sector will continue till March 31, 2015.
3. All other conditions stipulated in aforesaid Circular dated April 24, 2012 shall remain unchanged.
4. AD Category – I banks may bring the contents of this Circular to the notice of their constituents and customers.
5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals required, if any, under any other law.

Yours faithfully

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



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

RBI/2013-14/540

March 27, 2014

A.P. (DIR Series) Circular No.114

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorised Dealers Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA/25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) circular no. 58 dated December 15, 2011](#).

2. Under extant guidelines relating to hedging of currency risk of probable exposures based on past performance by residents,

- a. Exporters are allowed to hedge currency risk on the basis of a declaration of an exposure up to an eligible limit computed as the average of the previous three financial years' (April to March) actual export turnover or the previous year's actual export turnover, whichever is higher.
- b. Importers are allowed to hedge up to an eligible limit computed as 25 percent of the average of the previous three financial years' actual import turnover or the previous year's actual import turnover, whichever is higher.
- c. All forward contracts booked under this facility by both exporters and importers are required to be on fully deliverable basis. In case of cancellation, exchange gain, if any, should not be passed on to the customer.

3. In order to provide greater operational flexibility, it has been decided to relax the restriction at paragraph 2(c) above. Henceforth, contracts booked up to 75 percent of the eligible limit mentioned at paragraph 2(a) and 2(b) above may be cancelled with the exporter/importer bearing/being entitled to the loss or gain as the case may be. Contracts booked in excess of 75 percent of the eligible limit mentioned at paragraph 2(a) and 2(b) above shall be on a deliverable basis and cannot be cancelled, implying that in the event of cancellation, the exporter/importer shall have to bear the loss but will not be entitled to receive the gain.

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

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

Yours faithfully

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



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

RBI/2013-14/545
A.P. (DIR Series) Circular No.115

March 28, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Merchanting Trade Transactions - Revised guidelines

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular Nos.106 & 4](#) dated June 19, 2003 and July 19, 2003 respectively, containing directions relating to merchanting trade transactions. Further, in terms of [A.P. \(DIR Series\) Circular No. 95 dated January 17, 2014](#) the existing guidelines were reviewed in the light of the recommendations of the Technical Committee on Services / Facilities to Exporters (Chairman: Shri G. Padmanabhan) to further liberalise and simplify the procedure.

2. In view of suggestions received from merchanting traders and trade bodies, the guidelines on merchanting trade transactions have been further reviewed. Accordingly, it has been decided to issue revised guidelines as under:

- i) For a trade to be classified as merchanting trade following conditions should be satisfied ;
 - a. Goods acquired should not enter the Domestic Tariff Area and
 - b. The state of the goods should not undergo any transformation ;
- ii) Goods involved in the merchanting trade transactions would be the ones that are permitted for exports / imports under the prevailing Foreign Trade Policy (FTP) of India, as on the date of shipment and all the rules, regulations and directions applicable to exports (except Export Declaration Form) and imports (except Bill of Entry), are complied with for the export leg and import leg respectively ;
- iii) AD bank should be satisfied with the bonafides of the transactions. Further, KYC and AML guidelines should be observed by the AD bank while handling such transactions ;
- iv) Both the legs of a merchanting trade transaction are routed through the same AD bank. The bank should verify the documents like invoice, packing list, transport documents and insurance documents (if originals are not

- available, Non-negotiable copies duly authenticated by the bank handling documents may be taken) and satisfy itself about the genuineness of the trade ;
- v) The entire merchanting trade transactions should be completed within an overall period of nine months and there should not be any outlay of foreign exchange beyond four months ;
 - vi) The commencement of merchanting trade would be the date of shipment / export leg receipt or import leg payment, whichever is first. The completion date would be the date of shipment / export leg receipt or import leg payment, whichever is the last ;
 - vii) Short-term credit either by way of suppliers' credit or buyers' credit will be available for merchanting trade transactions, to the extent not backed by advance remittance for the export leg, including the discounting of export leg LC by an AD bank, as in the case of import transactions ;
 - viii) In case advance against the export leg is received by the merchanting trader, AD bank should ensure that the same is earmarked for making payment for the respective import leg. However, AD bank may allow short-term deployment of such funds for the intervening period in an interest bearing account ;
 - ix) Merchanting traders may be allowed to make advance payment for the import leg on demand made by the overseas seller. In case where inward remittance from the overseas buyer is not received before the outward remittance to the overseas supplier, AD bank may handle such transactions by providing facility based on commercial judgement. It may, however, be ensured that any such advance payment for the import leg beyond USD 200,000/- per transaction, the same should be paid against bank guarantee / LC from an international bank of repute except in cases and to the extent where payment for export leg has been received in advance ;
 - x) Letter of credit to the supplier is permitted against confirmed export order keeping in view the outlay and completion of the transaction within nine months ;
 - xi) Payment for import leg may also be allowed to be made out of the balances in Exchange Earners Foreign Currency Account (EEFC) of the merchant trader ;
 - xii) AD bank should ensure one-to-one matching in case of each merchanting trade transaction and report defaults in any leg by the traders to the concerned Regional Office of RBI, on half yearly basis in the format as annexed, within 15 days from the close of each half year, i.e. June and December ;

- xiii) The names of defaulting merchanting traders, where outstandings reach 5% of their annual export earnings, would be caution-listed.
3. The merchanting traders have to be genuine traders of goods and not mere financial intermediaries. Confirmed orders have to be received by them from the overseas buyers. AD banks should satisfy themselves about the capabilities of the merchanting trader to perform the obligations under the order. The overall merchanting trade should result in reasonable profits to the merchanting trader.

4. It is clarified that the contents of this circular would come into effect in respect of merchanting trade transactions initiated after January 17, 2014.
5. Reporting for merchanting trade transactions for compilation of R-return should be done on **gross basis**, against the undernoted codes:

Trade	Purpose under FETERS	Code	Description
Export		P0108	Goods sold under merchanting /receipt against export leg of merchanting trade
Import		S0108	Goods acquired under merchanting /payment against import leg of merchanting trade

6. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned and note the guidelines for strict compliance.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

Annex

Statement on default in Merchanting Trade Transactions (MTT) for the half year ended 30th June/31st December 20....

Name and Address of the Bank :



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

RBI/2013-14/548

April 1, 2014

A.P. (DIR Series) Circular No.116

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 we had, based on the recommendations of Gems and Jewellery Export Promotion Council (GJEPC), notified the names five mining companies (since increased to nine over a period of time) to whom an importer (other than a Public Sector Company (PSC) or a Department / Undertaking of the Government of India / State Government) was allowed to make advance remittance without any limit and without bank guarantee or stand by letter of credit for import of rough diamonds into India.

2. With a view to liberalising the procedure further facilitating the import of rough diamonds, it has now been decided that henceforth Reserve Bank of India will not notify the names of overseas mining companies from whom an importer (other than PSC or Department / Undertaking of Government of India / State Government) may import rough diamonds into India, by way of advance payments, without any limit / bank guarantee/ stand-by letter of Credit.

3. AD category – I banks are, henceforth, permitted to take decision on overseas mining companies to whom an importer (other than PSC or Department /

Undertaking of Government of India / State Government) can make advance payments, without any limit / bank guarantee/ stand-by letter of Credit.

4. While allowing the advance remittance without bank guarantee for import of rough diamonds, the AD Category – I banks must ensure the following:

- I. The overseas mining company should have the recommendation of GJEPC.
- II. The importer should be a recognised processor of rough diamonds and should have a good track record.
- III. AD Category - I banks should, undertake the transaction based on their commercial judgment and after being satisfied about the bonafides of the transaction.
- IV. Advance payments should be made strictly as per the terms of the sale contract and should be made directly to the account of the company concerned, that is, to the ultimate beneficiary and not through numbered accounts or otherwise.
- V. Further, due caution may be exercised to ensure that remittance is not permitted for import of conflict diamonds (Kimberly Certification).
- VI. KYC and due diligence exercise should be done by the AD Category - I banks as per the existing guidelines.
- VII. AD Category - I banks should follow-up submission of the Bill of Entry / documents evidencing import of rough diamonds into the country by the importer, in terms of the Act / Rules / Regulations / Directions issued in this regard.
- VIII. In case of an importer entity in the Public Sector or a Department / Undertaking of the Government of India / State Government/s, AD Category - I banks may permit the advance remittance subject to the above conditions and a specific waiver of bank guarantee from the Ministry of Finance, Government of India, where the advance payments is equivalent to or exceeds USD 100,000/- (USD one hundred thousand only).

5. AD Category - I banks are required to submit a report of all such advance remittances made without a bank guarantee or standby letter of credit, where the amount of advance payment is equivalent to or exceeds USD 5,000,000/- (USD five million only), to the concerned Regional Office of Reserve Bank of India, in the annexed format, within 15 calendar days of the close of each half year.

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

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager

Annex

[A. P. (DIR Series) Circular No.116 dated- April 1, 2014]

Statement of Advance Remittance without bank guarantee or standby letter of credit where the amount of advance is equivalent to or more than USD 5 million

for import of Rough Diamonds for the period ended

Name of the AD Category – I Bank :

AD Code (14 digit) :

Sl. No.	Name of the mining Company	Name of the Importer Entity and IEC No.	Amount of Advance Payment made without BG / Standby LC	Whether document for evidence of import submitted
1				
2				
3				

Name, Designation & Signature of the authorised official of the bank :

Date :

Stamp :



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

RBI/2013-14/553

April 4, 2014

A.P. (DIR Series) Circular No.117

To

All Category – I Authorised Dealer Banks

Madam / Sir,

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

Attention of all the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular no. 57 dated December 13, 2011](#) and the Foreign Exchange (Compounding Proceedings) Rules, 2000 notified by the Government of India vide G.S.R.No.383(E) dated 3rd May 2000, as amended from time to time regarding delegation of powers to the Regional Offices of the Reserve Bank of India to compound the contraventions of FEMA.

2. On a review, it has been decided to delegate further powers to the Regional Offices of Reserve Bank of India. Accordingly, the powers to compound the following contraventions will now be vested with the Regional Offices:

Sr. No.	FEMA Regulation	Brief Description of Contravention
1	Paragraph 9(1)(A) of Schedule I to FEMA 20/2000-RB dated May 3, 2000	Delay in reporting inward remittance received for issue of shares.
2	Paragraph 9(1)(B) of Schedule I to	Delay in filing form FC(GPR) after issue

	FEMA 20/2000-RB dated May 3, 2000	of shares.
3	Paragraph 8 of Schedule I to FEMA 20/2000-RB dated May 3, 2000	Delay in issue of shares/refund of share application money beyond 180 days, mode of receipt of funds, etc.
4	Paragraph 5 of Schedule I to FEMA 20/2000-RB dated May 3, 2000	Violation of pricing guidelines for issue of shares.
5	Regulation 2(ii) read with Regulation 5(1) of FEMA 20/2000-RB dated May 3, 2000	Issue of ineligible instruments such as non-convertible debentures, partly paid shares, shares with optionality clause, etc.
6	Paragraph 2 or 3 of Schedule I to FEMA 20/2000-RB dated May 3, 2000	Issue of shares without approval of RBI or FIPB respectively, wherever required.

3. The above contraventions can be compounded by all Regional Offices (except Kochi and Panaji) without any limit on the amount of contravention. Kochi and Panaji Regional offices can compound the above contraventions for amount of contravention below Rupees one hundred lakh (Rs.1,00,00,000/-). The contraventions above Rupees one hundred lakh (Rs.1,00,00,000/-) under the jurisdiction of Panaji and Kochi Regional Offices and all other contraventions of FEMA will continue to be compounded at Cell for Effective Implementation of FEMA (CEFA), Mumbai, as hitherto.

4. Accordingly, applications for compounding related to the above contraventions may be submitted by the concerned entities to the respective Regional Offices under whose jurisdiction they fall. For all other contraventions, applications may continue to be submitted to CEFA, Foreign Exchange Department, 5th floor, Amar Building, Sir P.M.Road, Fort, Mumbai 400001.

5. The above modifications will come into force with immediate effect. All other instructions on compounding shall remain unchanged.

6. Authorised Dealers 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).

Yours faithfully

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



मारतीय रिजर्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2013-14/ 556
A.P. (DIR Series) Circular No.118

April 07, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign investment in India in Government Securities

Please refer to paragraph 24 of first bi-monthly Monetary Policy statement, 2014-15.

2. Attention of AD Category-I banks is invited to [A.P.\(DIR Series\) Circular No.94 dated April 1, 2013](#) read with [A.P.\(DIR Series\) Circular No.111 dated June 12, 2013](#) and [A.P.\(DIR Series\) Circular No.112 dated March 25, 2014](#), in terms of which the present limit for investment in Government Securities by SEBI registered FIIs, QFIIs, long term investors and FPIs registered in accordance with SEBI guidelines stands at USD 30 billion. Out of the above limit, a sub-limit of USD 5.5 billion is available for investment in Treasury Bills (T-bills). Further, in terms of [A.P. \(DIR Series\) Circular No.99 dated January 29, 2014](#), a sub-limit of USD 10 billion for investment in Government dated securities within the total limit of USD 30 billion is available to long term investors registered with SEBI – viz. Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds and foreign Central Banks.

3. On a review, to encourage longer term flows, it has now been decided that foreign investment by all eligible investors including RFPIs shall henceforth be permitted only in Government dated securities having residual maturity of one year and above and existing investments in T-bills and Government dated securities of less than one year residual maturity shall be allowed to taper off on maturity/ sale.

The revised position in respect of the investment limit in Government dated securities is given below:

Instrument/s	Limit	Eligible Investors	Remarks
Government dated securities – Securities having residual maturity of one year and above.	USD 30 billion	RFPIs (including existing FIIs and QFIIs) and Long term investors registered with SEBI – SWFs, Multilateral Agencies, Pension/ Insurance / Endowment Funds and foreign Central Banks.	Existing investment in T-bills and Government dated securities of less than one year residual maturity shall be allowed to taper off on maturity/sale. No fresh investment in T-bills and Government dated securities of less than one year residual maturity allowed.

4. Necessary operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Government securities remain unchanged.
6. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/ 557
A.P. (DIR Series) Circular No. 119

April 07, 2014

To,

All Authorised Dealer Category – I banks

Madam / Sir,

**Risk Management & Inter-Bank Dealings:
Booking of Forward Contracts - Liberalisation**

Please refer to [paragraph 23](#) of the first Bi-Monthly Monetary Policy Statement, 2014-15 wherein, inter alia, it has been proposed to allow all resident individuals, firms and companies with actual foreign exchange exposures to book foreign exchange derivative contracts up to US\$ 250,000 on declaration, subject to certain conditions.

2. Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No.FEMA.25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) Circular No.15 dated October 29, 2007](#) regarding liberalisation in respect of booking of forward contracts, in terms of which resident individuals, to manage/ hedge their foreign exchange exposures arising out of actual or anticipated remittances, both inward and outward, are allowed to book forward contracts, without production of underlying documents, up to a limit of US\$ 100,000 based on self-declaration.

3. With a view to further liberalising the existing facilities, it has now been decided to allow all resident individuals, firms and companies, who have actual or anticipated foreign exchange exposures to book foreign exchange forward contracts up to US\$ 250,000 on the basis of a simple declaration without any requirement of further documentation. The existing facilities in terms of the aforementioned circular for Small and Medium Enterprises (SMEs) having direct and/ or indirect exposures to foreign exchange risk permitting them to book/ cancel/ roll over forward contracts

without production of underlying documents to manage their exposures effectively subject to conditions specified therein shall remain unchanged.

4. The revised reporting format is provided in Annexes I and II of this circular. All other conditions including tenor of the contracts as laid down in A.P. (DIR Series) Circular No.15 dated October 29, 2007 will apply mutatis mutandis.

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

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

Yours faithfully,

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

[Annex to A. P. (DIR Series) Circular No. 119 dated April 07, 2014]

**Application cum Declaration for booking of forward contracts up to
US\$ 250,000 by Resident Individuals, Firms and Companies**

(To be completed by the applicant)

I. Details of the applicant

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

II. Details of the foreign exchange forward contracts required

1. Amount (Specify currency pair)
2. Tenor

III. Notional value of forward contracts outstanding as on date

IV. Details of actual / anticipated remittances

1. Amount :
2. Remittance Schedule :
3. Purpose :

Declaration

I/We, (Name of the applicant), hereby declare that the total amount of foreign exchange forward contracts booked with the ----- (designated branch) of ----- (bank) in India is within the limit of US\$ 250,000/- (US Dollar Two lakh and Fifty Thousand only) and certify that the forward contracts are meant for undertaking permitted current and / or capital account transactions. I/We also certify that I have not booked foreign exchange forward contracts with any other bank / branch. I/We have understood the risks inherent in booking of foreign exchange forward contracts.

Signature of the applicant

(Name)

Place:

Date:

Certificate by the Authorised Dealer Category – I bank

This is to certify that the customer (Name of the applicant) having PAN No. has been maintaining an account(no.) with us since We certify that the customer meets the AML / KYC guidelines laid down by RBI and confirm having carried out requisite suitability and appropriateness test.*

Name and designation of the authorised official:

Place:

Signature:

Date: Stamp and seal

** month / year*

Statement – Details of Forward contracts booked and cancelled under Self-declaration**For the Quarter ended –**

Category	Forward Contracts Booked		Forward Contracts Cancelled	
	During the Quarter	Cumulative total-Year to Date	During the Quarter	Cumulative total-Year to Date
SMEs				
Individuals				
Firms / Companies				

Name of the AD Category-I bank:

Signature of the Authorised Officials:

Date:

Stamp:



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

RBI/2013-14/560

April 10, 2014

A.P. (DIR Series) Circular No.120

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Rupee Drawing Arrangement – ‘Direct to Account’ Facility

Attention of Authorised Dealer Category – I (AD Cat – I) banks is invited to the [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses, as amended from time to time.

2. In order to facilitate receipt of foreign inward remittances directly into bank accounts of the beneficiaries, it has been decided to allow foreign inward remittances received under Rupee Drawing Arrangement (RDA) to be transferred to the KYC compliant beneficiary bank accounts through electronic mode, such as, NEFT, IMPS, etc. The procedure to be followed for the purpose will be as under:

3. Foreign inward remittances received by the AD Cat-I Bank (termed as ‘Partner Bank’) having RDA with Non Resident Exchange Houses may be credited directly to the account of the beneficiary held with a bank other than the AD Cat-I Bank (termed as ‘Recipient Bank’) electronically, subject to the following conditions:

- i. The Recipient Bank will credit the amount transferred by the Partner Bank only to the KYC compliant bank accounts.

- ii. In respect of the bank accounts which are not KYC compliant, the Recipient Bank shall carry out KYC/CDD of the recipient before the remittance to such account is credited or allowed to be withdrawn.
 - iii. The Partner Bank (i.e. the AD Cat-I Bank receiving foreign inward remittance through non-resident exchange houses under RDA) shall appropriately mark the direct-to-account remittances to indicate to the Recipient Bank that it is a foreign inward remittance.
 - iv. The Partner Bank shall ensure that accurate originator information and necessary beneficiary information is included in the electronic message while transferring the fund to the Recipient Bank. This information should be available in the remittance message throughout the payment chain, i.e., the Non Resident Exchange House, the Partner Bank and the Recipient Bank. The Partner Bank should add an appropriate alert in the electronic message indicating that this is a foreign inward remittance and should not be credited to a KYC non-compliant account.
 - v. The identification and other documents of the recipient shall be maintained by the Recipient Bank as per the provisions of Prevention of Money Laundering (Maintenance of Records) Rules, 2005. All other requirements under KYC/AML/CFT guidelines issued by the Reserve Bank of India from time to time shall be adhered to by the Partner Bank.
 - vi. The Recipient Bank may seek additional information from the Partner Bank and shall report suspicious transactions to the FIU-IND with details of the Partner Bank through which they received the remittances.
3. All other instructions issued vide A. P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, will remain unchanged.

4. AD Cat-I Banks may bring the contents of this circular to the notice of their constituents concerned.
5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/561

April 10, 2014

A.P. (DIR Series) Circular No.121

To

All Category – I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowing (ECB) Policy – Review of all-in-cost ceiling

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular no. 58 dated September 30, 2013](#) relating to the all-in-cost ceiling for ECB.

2. On a review, it has been decided that the all-in-cost ceiling as specified under paragraph 2 of [A.P. \(DIR Series\) Circular No. 99 dated March 30, 2012](#) will continue to be applicable till June 30, 2014 and is subject to review thereafter. All other aspects of ECB policy remain unchanged.

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

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

Yours faithfully

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



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

**RBI/2013-14/562
A.P. (DIR Series) Circular No.122**

April 10, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the [A.P. \(DIR Series\) Circular No. 56 dated September 30, 2013](#) relating to all-in-cost ceiling of Trade Credits for imports into India.

2. On a review it has been decided that the all-in-cost ceiling as specified under paragraph 4 of [A.P. \(DIR Series\) Circular No.28 dated September 11, 2012](#) will continue to be applicable till June 30, 2014 and is subject to review thereafter.
3. All other aspects of Trade Credit policy remain unchanged. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
4. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

**(Rudra Narayan Kar)
Chief General Manager-in-Charge**



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

RBI/2013-14/566

A.P. (DIR Series) Circular No. 123

April 16, 2014

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP)

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to Schedule I to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (The Principal Regulations), notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time. In terms of extant instructions, only a Company incorporated under the Companies Act, 1956 or a Venture Capital Fund is eligible to accept FDI.

2. It has now been decided that Limited Liability Partnership (LLP) formed and registered under the Limited Liability Partnership Act, 2008 shall be eligible to accept Foreign Direct Investment (FDI) subject to the conditions given in Annex I.

3. A copy of [Press Note No. 1 \(2011 series\)](#) dated May 20, 2011 issued in this regard by Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry, Government of India is enclosed. A reference is also drawn to paragraph 3.2.5 of the Consolidated FDI Policy Circular 1 of 2013 dated April 5, 2013 issued by DIPP, in the matter.

4. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Third Amendment) Regulations, 2014 notified vide [Notification No. FEMA. 298/2014-RB dated March 13, 2014](#) c.f. G.S.R. No.190(E) dated March 19, 2014.

5. The instructions issued in this circular shall be effective from May 20, 2011. However, reporting requirement of FDI in LLP shall come into force from the date of issue of instructions by the Reserve Bank in this regard. The LLP which have received foreign investment in terms of FIPB approval between May 20, 2011 to the date of this circular, shall comply with the reporting requirement in respect of FDI within 30 or 60 days, as applicable, from the date of this circular.

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

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

Yours faithfully,

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

Annex I

[Annex to A. P. (DIR Series) Circular No. 123 dated April 16, 2014]

Scheme for Acquisition/ Transfer by a person resident outside India of capital contribution or profit share of Limited Liability Partnerships (LLPs)

The Scheme shall be called Foreign Direct Investment (FDI-LLP) in Limited Liability Partnerships (LLPs) formed and registered under the Limited Liability Partnership Act, 2008.

1. Eligible Investors:

A person resident outside India or an entity incorporated outside India shall be eligible investor for the purpose of FDI in LLPs. However, the following persons shall not be eligible to invest in LLPs:

- (i) a citizen/entity of Pakistan and Bangladesh or
- (ii) a SEBI registered Foreign Institutional Investor (FII) or
- (iii) a SEBI registered Foreign Venture Capital Investor (FVCI) or
- (iv) a SEBI registered Qualified Foreign Investor (QFI) or
- (v) a Foreign Portfolio Investor registered in accordance with Securities and Exchange Board of India(Foreign Portfolio Investors) Regulations, 2014 (RFPI).

2. Eligibility of LLP for accepting foreign Investment:

- (i) An LLP, existing or new, operating in sectors/activities where 100% FDI is allowed under the automatic route of FDI Scheme would be eligible to receive FDI. For ascertaining such sectors, reference shall be made to Annex-B to Schedule 1 of Notification No. FEMA 20/ 2000-RB dated 3rd May 2000, as amended from time to time.

- (ii) An LLP engaged in the following sectors/activities shall not be eligible to accept FDI:
- a) Sectors eligible to accept 100% FDI under automatic route but are subject to FDI-linked performance related conditions (for example minimum capitalisation norms applicable to 'Non-Banking Finance Companies' or 'Development of Townships, Housing, Built-up infrastructure and Construction-development projects', etc.); or
 - b) Sectors eligible to accept less than 100% FDI under automatic route; or
 - c) Sectors eligible to accept FDI under Government Approval route; or
 - d) Agricultural/plantation activity and print media; or
 - e) Sectors not eligible to accept FDI i.e. any sector which is prohibited under the extant FDI policy (Annex-A to Schedule 1 to Notification No. FEMA. 20/ 2000-RB dated 3rd May 2000) as well as sectors/activities prohibited in terms of Regulation 4(b) to [Notification No. FEMA. 1 / 2000-RB dated 3rd May 2000](#), as amended from time to time.

3. Eligible investment:

Contribution to the capital of a LLP would be an eligible investment under the Scheme.
Note: Investment by way of 'profit share' will fall under the category of reinvestment of earnings

4. Entry Route:

Any FDI in a LLP shall require prior Government/FIPB approval.

Any form of foreign investment in an LLP, direct or indirect (regardless of nature of 'ownership' or 'control' of an Indian Company) shall require Government/FIPB approval.

5. Pricing:

FDI in an LLP either by way of capital contribution or by way of acquisition / transfer of 'profit shares', would have to be more than or equal to the fair price as worked out with any valuation norm which is internationally accepted/ adopted as per market practice

(hereinafter referred to as “fair price of capital contribution/profit share of an LLP”) and a valuation certificate to that effect shall be issued by a Chartered Accountant or by a practicing Cost Accountant or by an approved valuer from the panel maintained by the Central Government.

In case of transfer of capital contribution/profit share from a resident to a non-resident, the transfer shall be for a consideration equal to or more than the fair price of capital contribution/profit share of an LLP. Further, in case of transfer of capital contribution/profit share from a non-resident to a resident, the transfer shall be for a consideration which is less than or equal to the fair price of the capital contribution/profit share of an LLP.

6. Mode of payment for an eligible investor:

Payment by an eligible investor towards capital contribution/profit share of LLPs will be allowed only by way of cash consideration to be received -

- i) by way of inward remittance through normal banking channels; or
- ii) by debit to NRE/FCNR(B) account of the person concerned, maintained with an AD Category - I bank.

7. Reporting:

(i) LLPs shall report to the Regional Office concerned of the Reserve Bank, the details of the receipt of the amount of consideration for capital contribution and profit shares in Form FOREIGN DIRECT INVESTMENT-LLP(I) as given in Annex II, together with a copy/ies of the FIRC/s evidencing the receipt of the remittance along with the KYC report on the non-resident investor in Annex IV, through an AD Category – I bank, and valuation certificate (as per paragraph 5 above) as regards pricing at the earliest but not later than 30 days from the date of receipt of the amount of consideration. The report would be acknowledged by the Regional Office concerned, which would allot a Unique Identification Number (UIN) for the amount reported.

- (ii) The AD Category – I bank in India, receiving the remittance should obtain a KYC report in respect of the foreign investor from the overseas bank remitting the amount.
- (iii) Disinvestment / transfer of capital contribution or profit share between a resident and a non-resident (or vice versa) shall require to be reported within 60 days from the date of receipt of funds in Form FOREIGN DIRECT INVESTMENT-LLP(II) as given in Annex III.

8. Downstream investment:

- a) An Indian company, having foreign investment (direct or indirect, irrespective of percentage of such foreign investment), will be permitted to make downstream investment in an LLP only if both, the company as well as the LLP, are operating in sectors where 100% FDI is allowed under the automatic route and there are no FDI-linked performance related conditions. Onus shall be on the LLP accepting investment from the Indian Company registered under the provisions of the Companies Act, as applicable, to ensure compliance with downstream investment requirement as stated above.
- b) An LLP with FDI under this scheme will not be eligible to make any downstream investments in any entity in India.

9. Other Conditions:

- (i) In case, an LLP with FDI, has a body corporate as a designated partner or nominates an individual to act as a designated partner in accordance with the provisions of Section 7 of the Limited Liability Partnership Act, 2008, such a body corporate should only be a company registered in India under the provisions of the Companies Act, as applicable and not any other body, such as an LLP or a Trust. For such LLPs, the designated partner "resident in India", as defined under the 'Explanation' to Section 7(1) of the Limited Liability Partnership Act, 2008, would also have to satisfy the definition of "person resident in India", as prescribed under Section 2(v)(i) of the Foreign Exchange Management Act, 1999.

- (ii) The designated partners will be responsible for compliance with all the above conditions and also liable for all penalties imposed on the LLP for their contravention, if any.
- (iii) Conversion of a company with FDI, into an LLP, will be allowed only if the above stipulations (except the stipulation as regards mode of payment) are met and with the prior approval of FIPB/Government.
- (iv) LLPs shall not be permitted to avail External Commercial Borrowings (ECBs).

Annex II

[Annex to A. P. (DIR Series) Circular No. 123 dated April 16, 2014]

Form FOREIGN DIRECT INVESTMENT- LLP (I)

Report by the Limited Liability Partnerships (LLPs) receiving amount of consideration for capital contribution and acquisition / transfer of profit shares under the Scheme

(To be filed by the LLP through its Authorised Dealer Category – I bank, with the Regional Office of the Reserve Bank under whose jurisdiction the Registered Office of the Limited Liability Partnership making the declaration is situated, not later than 30 days from the date of receipt of the amount of consideration)

Permanent Account Number (PAN) of the investee LLP given by the IT Department	<input type="text"/>
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No.	Particulars	(In Block Letters)
1.	Name of the Limited Liability Partnership Address of the Registered Office	
	State	
	Fax	
	Telephone	
	e-mail	
	Identification number No.(LLPIN) issued by Office of Registrar for LLP	

	Date of Registration	
	Whether existing LLP or new LLP	Existing LLP / New LLP (strike off whichever is not applicable)
	If existing LLP, give registration number allotted by RBI for FDI, if any	
2	Details of the foreign investor	
	Name Designated Partner Identification No. (DPIN): Address Country Constitution / Nature of the investing Entity [Specify whether <ul style="list-style-type: none"> 1. Individual 2. LLP 3. Company 4. Foreign Trust 5. Private Equity Fund 6. Pension / Provident Fund 7. Sovereign Wealth Fund (SWF)¹ 8. Partnership /]	

¹ 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.

	Proprietorship Firm 9. Financial Institution 10. NRIs / PIO 11. Others (please specify)]		
3.	Date of receipt of funds		
4.	Amount	In foreign currency	In Indian Rupees
5.	Activity of the LLP		
i)	Description of the main business activity NIC Code		
ii)	It is confirmed that 100% FDI is allowed under automatic route as per FDI policy without any FDI-linked performance conditions	Yes/No	
iii)	Details of Government Approval (ref. no. of approval letter and date)		
6.	Name of the AD bank through whom the remittance is received		
7.	Address of the AD bank		

Note: A Copy of the Government Approval, KYC, FIRC evidencing the receipt of consideration for capital contribution and acquisition / transfer of profit shares, and

certificate from a Chartered accountant / Cost accountant/ an approved valuer from the panel maintained by the Central Government are enclosed.

(Authorised signatory of the investee LLP)	(Authorised signatory of the AD bank)
(Stamp)	(Stamp)

FOR USE OF THE RESERVE BANK ONLY:

Unique Identification Number for the remittance received:

DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE LIMITED LIABILITY PARTNERSHIP : (Delete whichever is not applicable and authenticate)

We hereby declare that:

1. We comply with the procedure for capital contribution and profit shares as laid down under the Notification No. FEMA. 20/2000-RB dated 3rd May 2000, as amended from time to time.
2. Capital contribution /profit shares have been issued to the non-resident investor in terms of FIPB approval No._____ dated _____
3. We enclose the following documents in compliance with Notification No. FEMA 20/2000-RB dated 3rd May 2000:
 - (i) A certificate from our designated partner certifying that
 - (a) all the requirements of the LLP Act, 2008 have been complied with;
 - (b) terms and conditions of the Government approval have been complied with;
 - (c) the LLP is eligible to issue capital contribution /profit shares under these Regulations; and

- (d) the LLP has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration in accordance with Notification No. FEMA 20/2000-RB dated 3rd May, 2000.
- (ii) A certificate from a Chartered accountant / a Cost accountant/ an approved valuer from the panel maintained by the Central Government, indicating the manner of arriving at the fair price of the capital contribution/profit shares issued to the persons resident outside India.

4. The foreign investment received and reported now will be utilized in compliance with the provision of a Prevention of Money Laundering Act, 2002 (PMLA) and Unlawful Activities(Prevention) Act, 1967 (UAPA). We confirm that the investment complies with the provisions of all applicable Rules and Regulations.

5. Unique Identification Numbers given for all the remittances received so far as consideration for capital contribution and acquisition of profit shares (details as above), by the Reserve Bank.

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R													
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(Signature of the Applicant)* :_____

(Name in Block Letters) :_____

(Designation of the signatory) :_____

Place:

Date:

(* To be signed by Designated Partner/Authorised Signatory of the LLP)

CERTIFICATE TO BE FILED BY THE DESIGNATED PARTNER/AUTHORISED SIGNATORY OF THE LIMITED LIABILITY PARTNERSHIP ACCEPTING THE INVESTMENT:

In respect of the abovementioned details, we certify the following:

1. All the requirements of the Limited Liability Partnership Act, 2008 have been complied with.
 2. Terms and conditions of the Government approval, if any, have been complied with.
 3. The LLP is eligible to issue capital contribution /profit shares under these Regulations.
 4. The LLP has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with provisions of Notification No. FEMA. 20/2000-RB dated May 3, 2000, as amended from time to time.

(Name & Signature of the Designated Partner/Authorised Signatory of the LLP) (Seal)

FOR USE OF THE RESERVE BANK ONLY:

**Registration Number for the FOREIGN
INVESTMENT-LLP:**

Unique Identification Number allotted to the Company at the time of reporting receipt of remittance

Annex III

[Annex to A. P. (DIR Series) Circular No. 123 dated April 16, 2014]

Form FOREIGN DIRECT INVESTMENT-LLP(II)	
Declaration regarding transfer of capital contribution/profit shares of an Limited Liability Partnership from resident to non- resident / non-resident to resident	
	(to be submitted to the Authorised Dealer Category-1 bank branch in quadruplicate within 60 days from the date of receipt of funds)
The following documents are enclosed	
<i>For transfer of capital contribution /profit shares of a Limited Liability Partnership by a person resident in India</i>	
<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 capital contribution/ profit share holding pattern of the investee LLP after the acquisition of <i>capital contribution/ profit shares</i> by a person resident outside India.iii. Certificate indicating fair price of capital contribution/profit share of an LLP from a Chartered accountant / a Cost accountant/ an approved valuer from the panel maintained by the Central Government.,iv. Declaration from the buyer to the effect that he is eligible to acquire <i>capital contribution /profit shares i.e., necessary Government approval has been obtained by the buyer or seller</i> and terms and conditions of the Government approval, the foreign investment limits mentioned therein as well as the pricing guidelines have been complied with.	
<i>Additional documents in respect of transfer of capital contribution /profit shares of an Limited Liability Partnership by a person resident outside India</i>	
<ul style="list-style-type: none">v. No Objection/Tax Clearance Certificate from Income Tax Authority/ Chartered Account//Cost Accountant/ Company Secretary in practice.	
1	Name of the Limited Liability Partnership
	Address (including e-mail , telephone Number, Fax no.)

	Activity Identification number No.(LLPIN)	
2	Nature of transaction <i>(Strike out whichever is not applicable)</i>	Transfer from resident to non-resident / Transfer from non-resident to resident
3	Name of the buyer	
	Constitution / Nature of the investing Entity Specify whether 1. Individual 2. LLP 3. Company 4. Foreign Trust 5. Private Equity Fund 6. Pension/ Provident Fund 7. Sovereign Wealth Fund (SWF ^π) 8. Partnership / Proprietorship firm 9. Financial Institution 10. NRIs / PIOs 11. Others	
	Date and Place of Incorporation	
	Address of the buyer	

^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.

	(including e-mail, telephone number. Fax no.)				
5	Name of the seller				
	Constitution / Nature of the disinvesting partner Specify whether 1. Individual 2. LLP 3. Company 4. Foreign Trust 5. Private Equity Fund 6. Pension/ Provident Fund 7. Sovereign Wealth Fund (SWF ^{II}) 8. Partnership/ Proprietorship firm 9. Financial Institution 10. NRIs/PIOs 11. Others				
	Date and Place of Registration				
	Address of the seller (including e-mail, telephone Number Fax no)				
6	Particulars of earlier FIPB approvals				
7	Details regarding capital contribution or profit shares of an Limited Liability Partnership to be transferred				
	Date of the transaction	Percentage of capital contribution/profit	Value in Rs.	Negotiated Price for the	Amount of consideration in Rs.

^{II} 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.

		share		transfer*in Rs.	
8 Foreign Investments in the Limited Liability Partnership			capital contribution/ profit shares		Percentage
	Before the transfer				
	After the transfer				
Price as per Valuation guidelines * <i>Valuation report</i> (certificate from Chartered Accountant// Cost Accountant/ approved valuer from the panel maintained by the Central Government to be attached)					

Declaration by the transferor / transferee

I / We hereby declare that :

- i. The particulars given above are true and correct to the best of my/our knowledge and belief.
- ii. I/ We, was/were holding the capital contribution/profit shares of a Limited Liability Partnership as per foreign investment policy issued by the Government of India as well as notified under FEMA Regulations.
- iii. I/ We, am/are eligible to acquire the capital contribution /profit shares of a Limited Liability Partnership in terms of the foreign investment policy issued by the Government of India as well as notified under FEMA Regulations.
- iv. The foreign investment limit as per Government approval 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 capital contribution /profit shares of a Limited Liability Partnership from resident to non- resident the declaration has to be signed by the non- resident buyer, and in respect of the transfer of capital contribution /profit shares of a Limited Liability Partnership from non-resident to resident the declaration has to be signed by the non-resident seller.

Certificate by the AD Bank 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 Bank Branch

AD Bank Branch Code

Annex - IV

[Annex to A. P. (DIR Series) Circular No. 123 dated April 16, 2014]

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 is an 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 :



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

**RBI/2013-14/ 567
A.P. (DIR Series) Circular No.124**

April 21, 2014

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment in Pharmaceuticals sector – clarification

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.56 dated December 9, 2011](#) and the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time. In terms of Schedule 1 to the Notification ibid, Foreign Direct Investment (FDI) up to 100 per cent is permitted under automatic route for greenfield investments and FDI up to 100 per cent is permitted under Government approval route for brownfield investments (i.e. investments in existing companies) in pharmaceuticals sector.

2. The extant FDI policy for pharmaceutical sector has since been reviewed and it has now been decided with immediate effect that the existing policy would continue with the condition that 'non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board (FIPB) of the Government of India.

3. A copy of [Press Note No.1 \(2014 Series\)](#) dated January 8, 2014 issued in this regard by Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India is enclosed.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2014 which have been notified vide [Notification No. FEMA.296/2014-RB dated March 3, 2014](#), vide G.S.R. No. 270(E) dated April 7, 2014.
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,

(C.D.Srinivasan)
Chief General Manager



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

**RBI/2013-14/ 573
A.P. (DIR Series) Circular No.125**

April 25, 2014

To,

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

Madam / Sir,

Reporting of Cross Border Wire Transfers

Please refer to our [A. P. \(DIR Series\) Circular No. 73 dated January 10, 2013](#) on 'Uploading of Reports on FINnet Gateway' wherein all Authorised Persons, who are Indian Agents under MTSS were advised to upload reports as required by FIU-IND using only FINnet gateway.

2. With the amendments to Prevention of Money Laundering (PML) Rules, notified by the Government of India vide Notification No. 12 of 2013 dated August 27, 2013 and in terms of amended Rule 3, every reporting entity is required to maintain the record of all transactions including the record of all cross border wire transfers of more than Rs. 5 lakh or its equivalent in foreign currency, where either the origin or destination of the fund is in India. FIU-IND has advised that the information of all such transactions may be furnished to Director, FIU-IND by 15th of the succeeding month.

3. In this regard, it is advised that the 'Transaction Based Reporting Format' (TRF) already developed by FIU-IND and being used for reporting Cash Transaction Reports (CTRs), Suspicious Transaction Reports (STRs) and Non-Profit Organizations Transaction Reports (NTRs) may be used for reporting the Cross Border Wire Transfers. The information may be furnished electronically in the FIN-Net module developed by FIU-IND. All Authorised Persons, who are

Indian Agents under MTSS are accordingly advised to take action as required by FIU-IND and ensure that reports are submitted in time as per the schedule.

4. The format along with sample data filled in as an illustration is available in the 'Downloads' section of the FIU-IND website (<http://fiuindia.gov.in>).

5. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

**(C.D.Srinivasan)
Chief General Manager**



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

**RBI/2013-14/ 574
A.P. (DIR Series) Circular No.126**

April 25, 2014

To

All Authorised Persons

Madam / Sir,

Reporting of Cross Border Wire Transfers

Please refer to our [A. P. \(DIR Series\) Circular No. 72 dated January 10, 2013](#) on 'Uploading of Reports on FINnet Gateway' wherein all Authorised Persons were advised to upload reports as required by FIU-IND using only FINnet gateway.

2. With the amendments to Prevention of Money Laundering (PML) Rules, notified by the Government of India vide Notification No. 12 of 2013 dated August 27, 2013 and in terms of amended Rule 3, every reporting entity is required to maintain the record of all transactions including the record of all cross border wire transfers of more than Rs. 5 lakh or its equivalent in foreign currency, where either the origin or destination of the fund is in India. FIU-IND has advised that the information of all such transactions may be furnished to Director, FIU-IND by 15th of the succeeding month.

3. In this regard, it is advised that the 'Transaction Based Reporting Format' (TRF) already developed by FIU-IND and being used for reporting Cash Transaction Reports (CTR), Suspicious Transaction Reports (STR) and Non-Profit Organizations Transaction Reports (NTR) may be used for reporting the Cross Border Wire Transfers. The information may be furnished electronically in the FIN-Net module developed by FIU-IND. All Authorised Persons are

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

4. The format along with sample data filled in as an illustration is available in the 'Downloads' section of the FIU-IND website (<http://fiuindia.gov.in>).

5. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(C.D.Srinivasan)
Chief General Manager



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

RBI/2013-14/ 577

May 2, 2014

A.P. (DIR Series) Circular No.127

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**Foreign Direct Investment (FDI) in India –
Reporting mechanism for transfer of equity shares/ fully and mandatorily
convertible preference shares/ fully and mandatorily convertible debentures**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the following extant instructions:

- a. in terms of A.P. (DIR Series) Circular No. 38 dated September 6, 2013, a non-resident (NR) [including a Non Resident Indian (NRI)], who has acquired and continues to hold control in an Indian company in accordance with SEBI (Substantial Acquisition of shares and Takeover) Regulations, has been permitted, under the FDI scheme, to acquire shares of that company on a stock exchange in India through a registered broker;
- b. in terms of paragraph 4 of [A.P. \(DIR Series\) Circular No. 63 dated April 22, 2009](#) 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 is cast upon the transferor / transferee, whoever is resident in India. Further, as per extant practice, the AD Category – I bank seeks approval from the Reserve Bank of India, Central Office before certifying the form FC-TRS received by them beyond the prescribed period of 60 days;
- c. in terms of paragraph 6.4 of annex to [A.P. \(DIR Series\) Circular No. 16 dated October 4, 2004](#), the IBD/FED or the nodal office of the bank has to submit a consolidated monthly statement in respect of all the transactions reported by the branches together with copies of the FC-TRS forms received from the branches to Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai in a soft copy (in MS-Excel)

2. On a review, it has now been decided:

- (a) to rationalise the existing procedure, in cases where the NR investor including an NRI acquires shares on the stock exchanges in terms of the aforesaid A.P. (DIR Series) Circular No. 38 dated September 6, 2013, the investee company would have to file form FC-TRS with the AD Category-I bank.
- (b) In order to facilitate operational convenience, it has been decided that the AD Category-I bank may approach Regional Office concerned of Reserve Bank of India, Foreign Exchange Department to regularize the delay in submission of form FC-TRS, beyond the prescribed period of 60 days and in all other cases, form FC-TRS shall continue to be scrutinised at AD bank level as per extant practice.
- (c) The AD banks shall continue to comply with the consolidated reporting requirement as stipulated in terms of Para 6.4 of A. P. (DIR Series) Circular No. 16 dated October 4, 2004.

3. These directions will become operative from the date of this circular.

4. All the other terms and conditions of the A.P. (DIR Series) Circular No. 16 dated October 4, 2004, A.P. (DIR Series) Circular No. 63 dated April 22, 2009 and A.P. (DIR Series) Circular No. 38 dated September 6, 2013 shall remain unchanged.

5. Authorised Dealers 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,

**(Rudra Narayan Kar)
Chief General Manager-in-Charge**



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

RBI/2013-14/584

May 9, 2014

A.P. (DIR Series) Circular No.128

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**External Commercial Borrowings (ECB) Policy:
Re-schedulement of ECB - Simplification of procedure**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the instructions contained in [A.P. \(DIR Series\) Circular No.33 dated February 09, 2010](#) in terms of which AD Category – banks are permitted to approve changes / modifications in the drawdown / repayment schedule of the ECBs already availed, both under the approval and the automatic routes, subject to the conditions. However, any elongation / rollover in the repayment on expiry of the original maturity of the ECB requires the prior approval of the Reserve Bank.

2. As a measure of simplification of the existing procedures, it has been decided to delegate the power to the designated AD Category – I bank to allow re-schedulement of ECB due to changes in draw-down schedule and / or repayment schedule with the following conditions:

- i. Changes, if any, in all-in-cost (AIC) is only on account of the change in average maturity period (AMP) due to re-schedulement of ECB and post re-schedulement, the AIC and the AMP are in conformity with applicable guidelines. There should not be any increase in the rate of interest and no additional cost (in foreign currency / Indian Rupees) should be involved.
- ii. The re-schedulement is allowed only once, before the maturity of the ECB.
- iii. If the lender is an overseas branch of a domestic bank, the prudential norms applicable on account of re-schedulement should be complied with.

- iv. The changes on account of re-schedulement should be reported to DSIM through revised Form 83.
- v. The ECB should be in compliance with all applicable guidelines related to eligible borrower, recognised lender, AIC, AMP, end-uses, etc.
- vi. The borrower should not be in the default / caution list of RBI and should not be under the investigation of Directorate of Enforcement.

3. The facility will be available for **ECBs raised both under the automatic and approval routes**. Provisions of this Circular do not apply to FCCBs.

4. The modification to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy shall remain unchanged.

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

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

Yours faithfully,

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



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

**RBI/2013-14/585
A.P. (DIR Series) Circular No.129**

May 9, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**External Commercial Borrowings (ECB) Policy - Refinance / Repayment of
Rupee loans raised from domestic banking system**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 28 dated January 25, 2010](#), [A.P. \(DIR Series\) Circular No. 04 dated July 22, 2010](#), [A.P. \(DIR Series\) Circular No. 25 dated September 23, 2011](#), [A.P. \(DIR Series\) Circular No. 111 dated April 20, 2012](#), [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012](#), [A.P. \(DIR Series\) Circular No. 26 dated September 11, 2012](#), [A.P. \(DIR Series\) Circular No. 54 dated November 26, 2012](#), [A.P.\(DIR\) Circular No.78 dated January 21, 2013](#) and [A.P. \(DIR Series\) Circular No. 12 dated July 15, 2013](#) in terms of which eligible Indian companies are permitted to refinance / repay the Rupee loans, raised by them from the domestic banking system, by raising ECB from recognised lenders, subject to conditions.

2. Attention of Authorized Dealer Category-I (AD Category-I) banks is also invited to the [Circular DBOD.No.BP.BC.107/21.04.048/2013-14 dated April 22, 2014](#) issued by the Department of Banking Operations and Development (DBOD) of RBI in terms of which repayment of Rupee loans availed of from domestic banking system through ECBs extended by overseas branches / subsidiaries of Indian banks is not permitted.

3. The issue has been examined and it has been decided that eligible Indian companies will not be permitted to raise ECB from overseas branches / subsidiaries of Indian banks for the purpose of refinance / repayment of the Rupee loans raised from the domestic banking system in respect of the following:

- a. Scheme of take-out financing:** Reference A.P. (DIR Series) Circular No. 04 dated July 22, 2010.
 - b. Repayment of existing Rupee loans for companies in infrastructure sector:** Reference A.P. (DIR Series) Circulars Nos. 25 and 111 dated September 23, 2011 and April 20, 2012 respectively.
 - c. Spectrum allocation:** Reference A.P. (DIR Series) Circulars Nos. 28 and 54 dated January 25, 2010 and November 26, 2012 respectively.
 - d. Repayment of Rupee loans:** Reference A.P. (DIR Series) Circulars Nos. 134, 26, 78 and 12 dated June 25, 2012, September 11, 2012, January 21, 2013 and July 15, 2013 respectively.
4. The changes to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy shall remain unchanged.
5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.
6. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

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



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

RBI/2013-14/594

May 16, 2014

A.P. (DIR Series) Circular No.130

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**External Commercial Borrowings (ECB) from Foreign Equity Holder -
Simplification of Procedure**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P. \(DIR Series\) Circular No. 05 dated August 01, 2005](#) as amended from time to time relating to the External Commercial Borrowings (ECB). Attention is also invited to [A. P. \(DIR Series\) Circular No. 11 dated September 07, 2011](#), [A.P. \(DIR Series\) Circular No. 29 dated September 26, 2011](#), and [A.P. \(DIR Series\) Circular No. 31 dated September 04, 2013](#).

2. As per the extant ECB policy, ECBs from direct foreign equity holders (FEHs) are considered both under the automatic and the approval routes, as the case may be. ECBs from indirect equity holders and group companies and ECBs from direct FEH for general corporate purpose are, however, considered under the approval route. Further, any request for change of the ECB lender in case of FEH requires RBI's approval.

3. As a measure of simplification of the existing procedure, it has been decided to delegate powers to AD banks to approve the following cases under the automatic route:

- i. Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors from indirect equity holders and group companies.

- ii. Proposals for raising ECB for companies in miscellaneous services from direct / indirect equity holders and group companies. Miscellaneous services mean companies engaged in training activities (but not educational institutes), research and development activities and companies supporting infrastructure sector. Companies doing trading business, companies providing logistics services, financial services and consultancy services are, however, not covered under the facility.
- iii. Proposals for raising ECB by companies belonging to manufacturing, infrastructure, hotels, hospitals and software sectors for general corporate purpose. ECB for general corporate purpose (which includes working capital financing) is, however, permitted only from direct equity holder.
- iv. Proposals involving change of lender when the ECB is from FEH – direct / indirect equity holders and group company.

4. All other terms and conditions stipulated in the relative circulars shall continue to be applicable.

5. Other aspects of the ECB policy such as eligible borrower, recognised lender, permitted end-use, amount of ECB, all-in-cost, average maturity period, pre-payment, ECB liability:equity ratio, refinance of existing ECB, reporting arrangements, etc. shall remain unchanged.

6. These changes will come into force with immediate effect.

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

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

Yours faithfully,

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



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

RBI/2013-14/595

May 19, 2014

A.P. (DIR Series) Circular No.131

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Overseas Direct Investments – Limited Liability Partnership (LLP) as Indian Party

Attention of the Authorised Dealers (AD) is invited to Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified by the Reserve Bank vide [Notification No. FEMA.120/RB-2004 dated July 07, 2004](#) and amended from time to time.

2. On a review, it has been decided to notify a Limited Liability Partnership (LLP), registered under the Limited Liability Partnership Act, 2008 (6 of 2009), as an “Indian Party” under clause (k) of Regulation 2 of the Notification *ibid*. Accordingly, an LLP, may henceforth undertake financial commitment to / on behalf of a JV / WOS abroad in terms of the extant FEMA provisions under Regulation 6 (and regulation 7, if applicable) of the Notification *ibid*.

3. Necessary amendment to the Notification *ibid* has been issued vide [Notification No. FEMA.299/2014-RB dated March 24, 2014](#) (copy enclosed), which is effective from the date of publication in the Gazette i.e. May 07, 2014.

4. The AD banks shall report the financial commitment/s undertaken by an LLP in Form ODI Part I and II and also other reporting (APR, disinvestments, etc.) as per the extant reporting requirements.
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,

(C D Srinivasan)
Chief General Manager

Encl: Amendment Notification (FEMA.299)



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

**RBI/2013-14/597
A.P. (DIR Series) Circular No.132**

May 21, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Export of Goods - Long Term Export Advances

Attention of Authorised Dealer Category - I (AD Category I) banks is invited to the sub-regulation (2) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide [Notification No.FEMA.23/RB- 2000, dated 3rd May 2000](#), as amended from time to time, in terms of which prior approval of the Reserve Bank is required to be obtained by an exporter for receipt of advance where the export agreement provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment. Further, in terms of [A.P. \(DIR Series\) Circular No.81 dated February 21, 2012](#) AD Category- I banks have been permitted to allow exporters to receive advance payment for export of goods which would take more than one year to manufacture and ship and where the 'export agreement' provides for the same.

2. In view of requests received from exporters, it has been decided to permit AD Category- I banks to allow exporters having a minimum of three years' satisfactory track record to receive long term export advance up to a maximum tenor of 10 years to be utilized for execution of long term supply contracts for export of goods subject to the conditions as under:

- a) Firm irrevocable supply orders should be in place. The contract with the overseas party /buyer should be vetted and clearly specify the nature, amount

and delivery timelines of products over the years and penalty in case of non-performance or contract cancellation. Product pricing should be in consonance with prevailing international prices.

- b) Company should have capacity, systems and processes in place to ensure that the orders over the duration of the said tenure can actually be executed.
- c) The facility is to be provided only to those entities, who have not come under the adverse notice of Enforcement Directorate or any such regulatory agency or have not been caution listed.
- d) Such advances should be adjusted through future exports.
- e) The rate of interest payable, if any, should not exceed LIBOR plus 200 basis points.
- f) The documents should be routed through one Authorized Dealer bank only.
- g) Authorised Dealer bank should ensure compliance with AML / KYC guidelines and also undertake due diligence for the overseas buyer so as to ensure it has good standing / sound track record.
- h) Such export advances shall not be permitted to be used to liquidate Rupee loans, which are classified as NPA as per the Reserve Bank of India asset classification norms.
- i) Double financing for working capital for execution of export orders should be avoided.
- j) Receipt of such advance of USD 100 million or more should be immediately reported to the Trade Division, Foreign Exchange Department, Reserve Bank of India, Central Office, 5th Floor, Amar Building, Mumbai under copy to the concerned Regional Office of the Reserve Bank of India as per the format given in Annex – I.

3. In case Authorized Dealer banks are required to issue bank guarantee (BG) / Stand by Letter of Credit (SBLC) for export performance, the following guidelines may also be adhered to:

- a) Issuance of BG / SBLC, being a non-funded exposure, should be rigorously evaluated as any other credit proposal keeping in view,

among others, prudential requirements based on board approved policy. Such facility will be extended only for guaranteeing export performance.

- b) BG / SBLC may be issued for a term not exceeding two years at a time and further rollover of not more than two years at a time may be allowed subject to satisfaction with relative export performance as per the contract.
 - c) BG / SBLC should cover only the advance on reducing balance basis.
 - d) BG / SBLC issued from India in favour of overseas buyer should not be discounted by the overseas branch / subsidiary of bank in India.
 - e) Authorised Dealer bank should duly evaluate and monitor the progress made by the exporter on utilisation of the advance and submit an Annual Progress Report to the Trade Division, Foreign Exchange Department, Reserve Bank of India, Central Office, 5th Floor, Amar Building, Mumbai under copy to the concerned Regional Office of the Reserve Bank of India in format as per Annex - II within a month from the close of each financial 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 are without prejudice to permissions / approvals, if any, required under any law.

Yours faithfully,

(C D Srinivasan)
Chief General Manager

ANNEX I

Reporting of Long term Advance of USD 100 million & more

Name and Address of the Exporter:

PAN of the exporter:

Name, address and relationship with the overseas supplier from whom long term advance has been availed of:

Company review:

Nature of business	Number of years the party has been dealing with the bank	Details of existing facilities with the Bank	Export to total domestic sales ratio (last three years average)

Details of long term advance:

Total amount of contract/orders placed & period	Total advance to be received	Date of receipt of Advance	Tenor	Rate of Interest, if any	Details of BG/SBLC issued, if any

Place:

Date:

Authorised Signatory:

Authorised Dealer Bank:

Address:

Seal:

ANNEX II

**Progress Report to be submitted by Authorised Dealer Bank on utilization
of Long term export Advances**

(For the year ended March 31,)

Name and Address of the Exporter:

Name and address of the overseas supplier from whom long term advance has been availed of:

Name of the Regional Office of Reserve Bank of India to which Report is being submitted:

Details of utilization of long term export advance:

Total export advances received	Projected export performance for the year ended 31.3...	Actual exports performed	Comments/ reasons for shortfall	Export outstanding as on 31.3...	Details of export advance used to adjust the domestic loan, if any,

Details of bank guarantee / SBLC issued:

Total amount for which BG has been issued	Whether invoked	Reasons for invocation

Place:

Date:

Authorised Signatory:

Authorised Dealer Bank:

Address:

Seal:



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

**RBI/2013-14/600
A.P. (DIR Series) Circular No.133**

May 21, 2014

To

All Scheduled Commercial Banks which are Authorized Dealers (ADs) in Foreign Exchange/ All Agencies nominated for import of gold

Madam/ Sir,

Import of Gold by Nominated Banks / Agencies / Entities

Attention of Authorised Persons is drawn to the Reserve Bank's [A.P. \(DIR Series\) Circular No. 25 dated August 14, 2013](#); and the subsequent circulars, on the captioned subject.

2. The Government of India and Reserve Bank of India has been receiving representations from the jewelers, bullion dealers, AD banks, and trade bodies to rationalise the guidelines for import of gold. Taking into account such representations and in consultation with the Government of India, it has been decided to modify the guidelines for import of Gold by the nominated banks / agencies / entities. These revised guidelines which will come into force with immediate effect are as under:

3. Star Trading Houses / Premier Trading Houses (STH/PTH) which are registered as nominated agencies by the Director General of Foreign Trade (DGFT) may now import gold under 20:80 scheme subject to the following conditions:

- a) The STH/PTH should have imported gold prior to the introduction of 20:80 scheme. STH / PTH should get the required verification done by the Department of Customs at any port where they have imported gold consignment in the past.
- b) The first lot of gold under this scheme would be based on the highest monthly import during any of the last 24 months prior to the RBI's notification dated August 14, 2013, subject to a maximum of 2000 Kgs.
- c) As in the case of other nominated agencies, the eligible quantity may be imported by STH / PTHs from any port, subject to their eligibility limit / maximum quantity allowed to them.

- d) For proper compliance, before import, they must submit the import plan, port-wise and quantity-wise, to the concerned Customs office, where the verification of the figures of past performance was done. This information will be sent to all the other ports from which imports are permitted. The overall discipline of exporting 20% of each imported consignment before the next consignment is imported will be equally applicable to such STH/PTH importers.
4. Further, it has been decided to permit the nominated banks, to give Gold Metal Loans (GML) to domestic jewellery manufacturers out of the eligible domestic import quota of 80% to the extent of GML outstanding in their books as on March 31, 2013.
5. A revised working example of the operations of 20:80 scheme envisaged in terms of the revised instructions is given in the Annex.
6. All other instructions will remain unchanged
7. Authorised dealers may please 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 (FEMA), 1999 (42 of 1999), and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C D Srinivasan)
Chief General Manager

Annex

Revised working example of the operations of 20/80 scheme for import of gold*

1. A Nominated Bank / Agency / any other entity, ABC, imports say 100 kg of gold, which shall be routed through custom bonded warehouses only. If considered necessary, the lot can be procured through two invoices – one for exporters (i.e. 20%) and the other one for domestic users (80%).
2. Out of the above import of 100 kg, 20 kg gold held in the bonded warehouse can be got released, in part or full, to be made available to the exporters of gold against an undertaking to Customs Authorities as is the practice now.
3. The balance 80 kg can be sold / lent in part or full to domestic entities engaged in jewellery business / bullion dealers/ banks operating the Gold Deposit Scheme (GDS) and Gold Metal Loan (GML). The sale of imported gold will be against full upfront payment, except in the case of GML, where nominated banks can give GML to domestic jewellery manufacturers to the extent of GML outstanding in their books as on March 31, 2013. In other words, no credit sale of gold in any form will be permitted for domestic use, except for GML. In case, the Nominated Bank itself is operating the Gold Deposit Scheme and extend Gold Metal Loans out of gold mobilized under GDS, the bank will be permitted to use, out of 80 kg, a portion for replenishing gold given as GML.
4. Next lot of import of 100 kg of gold by ABC shall be permitted by the Customs Authorities only after the proof of export (i.e. 20% of the imported lot) is submitted.
5. Import of gold in the third lot onwards will be lesser of the two:
 - i) *Five times the export for which proof has been submitted; or*
 - ii) *Quantity of gold permitted to a Nominated Agency in the first or second lot.*

Note: The same procedure is to be followed by the refineries and by any other entity importing gold in any other form / purity and in the case of import of Gold Dore also.

* First lot of gold import will not exceed 20% of the maximum of the imports done in any of the previous three financial years since the end of the preceding financial year'.



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

RBI/2013-14/605

May 26, 2014

A.P. (DIR Series) Circular No.134

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 80 dated December 16, 2013](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs. 83.564155 effective from December 12, 2013.

2. AD Category-I banks are advised that a further revision has taken place on May 16, 2014 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.80.603699 with effect from May 21, 2014.
3. AD Category-I banks may bring the contents of this Circular to the notice of their constituents concerned.
4. The Directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

**(C D Srinivasan)
Chief General Manager**



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

RBI/2013-14/613

May 27, 2014

A.P.(DIR Series) Circular No.135

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorised Dealers Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 ([Notification No. FEMA/25/RB-2000 dated May 3, 2000](#)) as amended from time to time and [A.P. \(DIR Series\) circular no. 32 dated December 28, 2010](#), as amended from time to time, and [A.P. \(DIR Series\) circular no. 114 dated March 27, 2014](#).

2. Under the extant guidelines relating to hedging of currency risk of probable exposures based on past performance, resident importers are allowed to book contracts up to 25 per cent of the eligible limit. The eligible limit is computed as the average of the previous three financial years' import turnover or the previous year's actual import turnover, whichever is higher.

3. On a review of the evolving market conditions and with a view to providing importers with greater flexibility in hedging facility, it has been decided to allow importers to book forward contracts, under the past performance route, up to 50 per cent of the eligible limit. Importers who have already booked contracts up to previous limit of 25 per cent in the current financial year, shall be eligible for difference arising out of the enhanced limits. All other operational guidelines, terms and conditions shall apply mutatis mutandis.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers.
5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully

**Rudra Narayan Kar
Chief General Manager-in-Charge**



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

**RBI/2013-14/616
A.P. (DIR Series) Circular No.136**

May 28, 2014

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Crystallization of Inoperative Foreign Currency Deposits

The Reserve Bank of India, in exercise of the powers conferred by subsections (1) and (5) of Section 26(A) of the Banking Regulation Act, 1949 (10 of 1949) has formulated the Reserve Bank ([Depositor Education and Awareness Fund\) Scheme, 2014](#). This Fund will be credited with the credit balances of any account in India with a banking company which has not been operated for a period of ten years or any deposit or any amount remaining unclaimed for more than ten years within a period of three months from the expiry of ten years.

2. With the objective of aligning the instructions in respect of foreign currency accounts with the above scheme, Reserve Bank of India has issued Foreign Exchange Management (Crystallization of Inoperative Foreign Currency Deposits) Regulations, 2014 vide [Notification No. FEMA 10A/2014-RB dated March 21, 2014](#) under Foreign Exchange Management Act (FEMA), 1999 relating to inoperative foreign currency deposits.

3. Accordingly, Authorised Dealer banks shall crystallise, that is, convert the credit balances in any inoperative foreign currency denominated deposit into Indian Rupee, in the manner indicated below:

(i) In case a foreign currency denominated deposit with a fixed maturity date remains inoperative for a period of three years from the date of maturity of the deposit, at the end of the third year, the authorised bank shall convert the balances lying in the foreign currency denominated deposit into Indian Rupee at the

exchange rate prevailing as on that date. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

(ii) In case of foreign currency denominated deposit with no fixed maturity period, if the deposit remains inoperative for a period of three years (debit of bank charges not to be reckoned as operation), the authorised bank shall, after giving a three month notice to the depositor at his last known address as available with it, convert the deposit from the foreign currency in which it is denominated to Indian Rupee at the end of the notice period at the prevailing exchange rate. Thereafter, the depositor shall be entitled to claim either the said Indian Rupee proceeds and interest thereon, if any, or the foreign currency equivalent (calculated at the rate prevalent as on the date of payment) of the Indian Rupee proceeds of the original deposit and interest, if any, on such Indian Rupee proceeds.

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

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

Yours faithfully

**Rudra Narayan Kar
Chief General Manager-in-Charge**



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

**RBI/2013-14/623
A.P.(DIR Series) Circular No.137**

June 3, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

**Exim Bank's Line of Credit of USD 46 million
to the Government of the Republic of Mauritius**

Export-Import Bank of India (Exim Bank) has entered into an Agreement dated February 12, 2014 with the Government of the Republic of Mauritius for making available to the latter, a Line of Credit (LOC) of USD 46 million (USD Forty six million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of financing purchase of specialized defence-related equipment and vehicles for the Mauritius Police Force [MPF] in Mauritius. The goods, machinery, equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services 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 15, 2014 and the date of execution of Agreement is February 12, 2014. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the

scheduled completion date(s) of contract(s) in the case of project exports and 72 months (February 11, 2020) from the execution date of the Credit Agreement in the case of supply contracts.

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

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

5. AD Category-I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(C D Srinivasan)
Chief General Manager



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

**RBI/2013-14/624
A.P. (DIR Series) Circular No.138**

June 3, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Liberalised Remittance Scheme (LRS) for resident individuals-Increase in the limit from USD 75,000 to USD 125,000

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the [A.P.\(DIR Series\) Circular No 24 dated August 14, 2013](#) and the subsequent clarifications issued vide [A.P. \(DIR Series\) Circular No 32 dated September 04, 2013](#) regarding the Liberalised Remittance Scheme (LRS) for Resident Individuals (the Scheme).

2. As indicated in [paragraph 13](#) of the Second Bi-Monthly Monetary Statement, 2014-15, it has now been decided to enhance the existing limit of USD 75,000 per financial year (April-March) to USD 125,000 with immediate effect. Accordingly, AD Category –I banks may now allow remittances up to USD 125,000 per financial year, under the Scheme, for any permitted current or capital account transaction or a combination of both.
3. The Scheme should not be used for making remittances for any prohibited or illegal activities such as margin trading, lottery, etc.
4. All other terms and conditions 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 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,

(C D Srinivasan)
Chief General Manager



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

**RBI/2013-14/629
A.P. (DIR Series) Circular No.139**

June 5, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Foreign investment in the Insurance Sector – Amendment to the Foreign Direct Investment Scheme

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Annex B of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the Principal Regulations), notified vide [Notification No. FEMA. 20/2000-RB dated May 3, 2000](#), as amended from time to time, wherein entry route, sectoral cap and other conditions for sectors/activities in which FDI is permitted are specified. In terms of the Schedule ibid, Foreign Direct Investment (FDI) up to 26 per cent is permitted under automatic route in insurance sector.

2. The extant FDI policy for insurance sector has since been reviewed. Accordingly, effective from February 4, 2014, foreign investment by way of FDI, investment by FIIs/FPIs and NRIs up to 26% under automatic route shall be permitted in insurance sector subject to the conditions specified in the Press Note 2 (2014 Series) dated February 4, 2014.

3. A copy of [Press Note No.2](#) (2014 Series) dated February 4, 2014 issued in this regard by Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India is enclosed.

4. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fourth Amendment) Regulations, 2014 notified vide [Notification No. FEMA. 301/2014-RB dated April 4, 2014](#) c.f. G.S.R. No. 361(E) dated May 27, 2014.

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

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

Yours faithfully,

(B P Kanungo)
Principal Chief General Manager



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

**RBI/2013-14/632
A.P. (DIR Series) Circular No.140**

June 6, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Foreign investment in India – participation by registered FPIs, SEBI registered long term investors and NRIs in non-convertible/redeemable preference shares or debentures of Indian companies

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the Principal Regulations) notified vide [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which SEBI registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs), registered Foreign Portfolio Investors (FPIs) and long term investors registered with SEBI, may purchase, on repatriation basis, Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limits for investments by FIIs/FPIs, QFIs and long term investors registered with SEBI in corporate debt stands at USD 51 billion.

2. Attention of AD Category - I banks is also invited to [A.P. \(DIR Series\) Circular No. 84 dated January 6, 2014](#) in terms of which an Indian company is permitted to issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of

the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

3. On review, it has now been decided to allow registered Foreign Institutional Investors (FIIs), Qualified Foreign Investors (QFIs) deemed as registered Foreign Portfolio investors, registered Foreign Portfolio Investors (FPIs), long term investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, foreign Central Banks to invest on repatriation basis, in non-convertible/redeemable preference shares or debentures issued by an Indian company in terms of [A.P. \(DIR Series\) Circular No. 84 dated January 6, 2014](#) and listed on recognized stock exchanges in India, within the overall limit of USD 51 billion earmarked for corporate debt. Further, NRIs may also invest, both on repatriation and non-repatriation basis, in non-convertible/redeemable preference shares or debentures as above.

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

5. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fifth Amendment) Regulations, 2014 notified vide [Notification No. FEMA. 304/2014-RB dated May 22, 2014](#), c.f. G.S.R. No.371(E) dated May 30, 2014.

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,

(B.P. Kanungo)
Principal Chief General Manager



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

**RBI/2013-14/633
A.P. (DIR Series) Circular No.141**

June 6, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Pledge of shares for business purposes in favour of NBFCs

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions of Para. 2 (i) of [A. P. \(DIR Series\) Circular No. 57 dated May 2, 2011](#), in terms of which shares of an Indian company held by the non-resident investor can be pledged in favour of a bank in India to secure the credit facilities being extended to the resident investee company for bonafide business purposes subject to the conditions stipulated therein.

2. With a view to further rationalising the process and reducing the transaction time, it has been decided to delegate to the AD Category – I banks the powers to allow pledge of equity shares of an Indian company held by non-resident investor/s in accordance with the FDI policy, in favour of the Non - Banking Financial Companies (NBFCs) – whether listed or not, to secure the credit facilities extended to the resident investee company for bona-fide business purposes / operations, subject to compliance with the conditions indicated below:

- (a) only the equity shares listed on a recognised stock exchange/s in India can be pledged in favour of the NBFCs ;
- (b) in case of invocation of pledge, transfer of shares should be in accordance with the credit concentration norm as stated in the [Master Circular DNBS\(PD\).DNBS.\(PD\).CC.No.333/03.02.001/2013-14 dated July 01, 2013](#) as amended from time to time;

- (c) (i) The AD may obtain a board resolution 'ex ante', passed by the Board of Directors of the investee company, that the loan proceeds received consequent to pledge of shares will be utilised by the investee company for the declared purpose; (ii) The AD may also obtain a certificate 'ex post', from the statutory auditor of investee company, that the loan proceeds received consequent to pledge of shares, have been utilised by the investee company for the declared purpose;
- (d) the Indian company has to follow the relevant SEBI disclosure norms, as applicable;
- (e) under no circumstances, the credit concentration norms should be breached by the NBFC. If there is a breach on invocation of pledge, the shares should be sold and the breach shall be rectified within a period of 30 days from the date of invocation of pledge.

3. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Sixth Amendment) Regulations, 2014 notified vide [Notification No. FEMA. 305/2014-RB dated May 22, 2014](#), c.f. G.S.R. No.370(E) dated May 30, 2014.

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

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

Yours faithfully

(B.P. Kanungo)
Principal Chief General Manager



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

RBI/2013-14/640
A.P. (DIR Series) Circular No.142

June 12, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Transfer of assets of Liaison Office (LO) / Branch Office (BO) / Project Office (PO) of a foreign entity either to its Wholly Owned Subsidiary (WOS) / Joint Venture (JV) / Others in India– Delegation of powers to AD Banks.

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 88 dated March 01, 2012](#) according to which prior approval of RBI is required for transferring assets of LO/BO to their subsidiaries or other LO/BO or to any other entity.

Presently ADs are delegated with powers to allow closure of the accounts of LO/BO and repatriate the surplus balances subject to submission of prescribed closure documents vide [A.P \(DIR Series\) Circular No.24 dated December 30, 2009](#). The details of opening and closing POs are laid down in Circular No.37 dated November 15, 2003. With a view to smoothen the entire process of closure of LO/BO/PO, it has been decided to delegate the powers relating to transfer of assets of LO/BO/PO to AD Category-I banks subject to compliance with the following stipulations.

- (a) Such proposals will be considered only from LO/BOs who are adhering to the operational guidelines stipulated in our [AP DIR Circular No.23 & 24](#) of December 30, 2009 such as (i) submission of AACs (up to the current financial year) at regular annual intervals with copies endorsed to DGIT (International Taxation) and (ii) obtained PAN from IT Authorities and have

got registered with ROC under Companies Act 1956. Similarly, proposals from POs should conform to the guidelines issued in [AP DIR Cir.No.44 dated May 17, 2005](#) with regard to initial reporting requirements (para.2.3) and submission of CA certified annual report indicating project status (para.2.4).

- (b) A certificate is to be submitted from the Statutory Auditor furnishing details of assets to be transferred indicating their date of acquisition, original price, depreciation till date, present book value or WDV value and sale consideration to be obtained. Statutory Auditor should also confirm that the assets were not re-valued after their initial acquisition. The sale consideration should not be more than the book value in each case.
- (c) The assets should have been acquired by the LO/BO/PO from inward remittances and no intangible assets such as good will, pre-operative expenses should be included. AD bank should scrutinise and ensure that no revenue expenses such as lease hold improvements incurred by LO/BOs are capitalised and transferred to JV/WOS.
- (d) AD bank to ensure payment of all applicable taxes while permitting transfer of assets.
- (e) Transfer of assets to be allowed by AD banks only when the foreign entity intends to close their LO/BO/PO operations in India. Subsequently, the AD banks should ensure closure of LO/BO in accordance with the stipulations indicated in para.5 (iii) of [A.P \(DIR Series\) Circular No.24 of December 30, 2009](#) and para.5 of [A.P \(DIR Series\) Circular No.37 of November 15, 2003](#) in respect of POs.
- (f) Credits to the bank accounts of LO/BO/PO on account of such transfer of assets will be treated as permissible credits.

- (g) The relevant documents are to be preserved separately for scrutiny by their own auditors and RBI auditors.
2. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
3. Necessary amendments to the Foreign Exchange Management (Establishment in India of Branch or Office or Other Place of Business) Regulations, 2000 [Notification No. FEMA 22/2000-RB dated May 03, 2000](#) have been issued vide [Notification No.FEMA.295/2014-RB dated February 24, 2014](#), vide G.S.R.No.372(E) dated May 30, 2014.
4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(C.D. Srinivasan)
Chief General Manager



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

RBI/2013-14/642

A. P. (DIR Series) Circular No. 143

June 16, 2014

To,

All Authorised Persons

Madam / Sir,

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002 – Amendment to Section 13(2) – Money Changing Activities

Please refer to our [A.P. \(DIR Series\) Circular No.17 \[A.P. \(FL/RL Series\) Circular No.04\]](#) dated November 27, 2009 on 'Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 - Money changing activities', as amended from time to time.

2. With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for "Powers of Director to impose fine", the section 13(2) now reads as under:

"If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

- (a) issue a warning in writing; or*
- (b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or*
- (c) direct such reporting entity or its designated director on the Board or any of its*

employees, to send reports at such interval as may be prescribed on the measures it is taking; or

(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.”

3. In view of the above amendment, Authorised Persons may nominate a Director on their Boards as “designated Director” to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.
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 also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(B. P. Kanungo)
Principal Chief General Manager



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

RBI/2013-14/643

A. P. (DIR Series) Circular No. 144

June 16, 2014

To,

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

Madam / Sir,

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002 - Amendment to Section 13(2) - Cross Border Inward Remittance under Money Transfer Service Scheme

Please refer to our [A.P. \(DIR Series\) Circular No.18 \[A.P. \(FL Series\) Circular No. 05\]](#) dated November 27, 2009 on 'Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009- Cross Border Inward Remittance under Money Transfer Service Scheme', as amended from time to time.

2. With the enactment of Prevention of Money Laundering (Amendment) Act, 2012 and amendment to Section 13 of the Act which provides for "Powers of Director to impose fine", the section 13(2) now reads as under:

"If the Director, in the course of any inquiry, finds that a reporting entity or its designated director on the Board or any of its employees has failed to comply with the obligations under this Chapter, then, without prejudice to any other action that may be taken under any other provisions of this Act, he may—

(a) issue a warning in writing; or

(b) direct such reporting entity or its designated director on the Board or any of its employees, to comply with specific instructions; or

(c) direct such reporting entity or its designated director on the Board or any of its employees, to send reports at such interval as may be prescribed on the measures it is taking; or

(d) by an order, levy a fine on such reporting entity or its designated director on the Board or any of its employees, which shall not be less than ten thousand rupees but may extend to one lakh rupees for each failure.”

3. In view of the above amendment, Authorised Persons, who are Indian Agents under MTSS, may nominate a Director on their Boards as “designated Director” to ensure compliance with the obligations under the Prevention of Money Laundering (Amendment) Act, 2012.
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 also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(B. P. Kanungo)
Principal Chief General Manager



**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai – 400 001**

RBI/ 2013-14/646

A.P. (DIR Series) Circular No. 145

June 18, 2014

To
All Category - I Authorised Dealer Banks

Madam / Sir,

**Annual Return on Foreign Liabilities and Assets
Reporting by Indian Companies – Revised format**

Attention of the Authorised Dealer Category – I banks is invited to [A.P. \(DIR Series\) Circular No.133 dated June 20, 2012](#) which stipulated that all Indian companies which have received FDI and/or made FDI abroad in the previous year(s) including the current year, should file the annual return on Foreign Liabilities and Assets (FLA) in the soft form to the Reserve Bank by July 15 every year.

2. In order to collect information on Indian companies' Outward Foreign Affiliated Trade Statistics (FATS) as per the multi-agency global 'Manual on Statistics of International Trade in Services', the [FLA return](#) has been modified marginally and is made available on the RBI website (www.rbi.org.in → Forms category → FEMA Forms) along with the related [FAQs](#) (www.rbi.org.in → FAQs category → Foreign Exchange).

3. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Eighth Amendment) Regulations, 2014 which have been notified vide [Notification No. FEMA.307/2014-RB dated May 26, 2014](#), vide G.S.R. No. 400(E) dated June 12, 2014.

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,

**(J. K. Pandey)
General Manager - Officer-in-Charge**



**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai – 400 001**

RBI/ 2013-14/648

A.P. (DIR Series) Circular No. 146

June 19, 2014

To

All Authorised Persons

Madam/ Sir,

**Export and Import of Currency:
Enhanced facilities for residents and non-residents**

Attention of Authorised Persons is invited to Regulation (3) of Foreign Exchange Management (Export and Import of Currency) (Amendment) Regulations, 2009, notified vide [Notification No.FEMA.258/2013-RB dated February 15, 2013](#) and [A.P. \(DIR Series\) Circular No. No. 39 dated September 6, 2013](#), in terms of which, any person resident in India may take outside India or having gone out of India on a temporary visit, may bring into India (other than to and from Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.10,000 (Rupees Ten Thousand only).

2. In view of the evolving economic conditions and with a view to facilitating travel requirements of residents travelling aboard as well as non-residents visiting India, it has been decided to allow all residents and non-residents (except citizens of Pakistan and Bangladesh and also other travellers coming from and going to Pakistan and Bangladesh) to take out Indian currency notes up to Rs. 25,000 while leaving the country. An announcement to this effect was made in the [Second Bi-Monthly Monetary Policy Statement, 2014-15 released on June 3, 2014](#).

3. Accordingly, any person resident in India:

- i) may take outside India (other than to Nepal and Bhutan) currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000 (Rupees twenty five thousand only); and

ii) who had gone out of India on a temporary visit, may bring into India at the time of his return from any place outside India (other than from Nepal and Bhutan), currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs.25,000 (Rupees twenty five thousand only).

4. Any person resident outside India, not being a citizen of Pakistan and Bangladesh and also not a traveller coming from and going to Pakistan and Bangladesh, and visiting India:

- i) may take outside India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 25,000 (Rupees twenty five thousand only) while exiting only through an airport.
- ii) may bring into India currency notes of Government of India and Reserve Bank of India notes up to an amount not exceeding Rs. 25,000 (Rupees twenty five thousand only) while entering only through an airport.

5. Authorised Persons may bring the contents of this circular to the notice of their constituents, customers and foreign counter parties concerned.

6. Necessary amendments [[No. FEMA. 309/2014-RB dated June 4, 2014](#)] to Foreign Exchange Management (Export and Import of Currency) Regulations 2000 ([Notification No.FEMA.6/2000-RB dated May 3, 2000](#)) have been notified in the Official Gazette vide G.S.R. Nos. 399(E) dated June 12, 2014, a copy of which is annexed.

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,

(C D Srinivasan)
Chief General Manager



**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai – 400 001**

RBI/ 2013-14/649

A .P. (DIR Series) Circular No. 147

June 20, 2014

To

All Category - I Authorised Dealer banks

Madam / Sir,

Risk Management and Inter-bank Dealings: Guidelines relating to participation of Residents in the Exchange Traded Currency Derivatives (ETCD) market

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, the Currency Futures (Reserve Bank) Directions, 2008 dated August 6, 2008 and Exchange Traded Currency Options (Reserve Bank) Directions, 2010 dated July 30, 2010 as amended from time to time and also AP (Dir Series) circular No.5 dated August 6, 2008 and No.5 dated July 30, 2010 in terms of which persons resident in India may participate in the ETCD market in India subject to the terms and conditions mentioned in the aforementioned notifications and guidelines, ibid. Attention is also drawn to [A.P. \(DIR Series\) circular No. 86 dated March 1, 2013](#) and [A.P. \(DIR Series\) circular no. 7 dated July 8, 2013](#) in terms of which restrictions on the proprietary trading by AD Category – I banks in the currency futures and ETCD markets were imposed.

2. In terms of the present regulatory framework, domestic participants in the currency futures and exchange traded options markets are not required to have any underlying exposure while requirement of underlying is mandatory for taking a position in the over-the-counter (OTC) derivatives markets. With a view to bringing about an alignment between the two markets, henceforth domestic participants in the currency futures and exchange traded currency options will be subject to the following terms and conditions:

- a. Domestic participants shall be allowed to take a long (bought) as well as short (sold) position upto USD 10 million per exchange without having to establish the existence of any underlying exposure. For the purpose of convenience, exchanges may prescribe a fixed limit for the contracts in currencies other than USD such that the limit is within the equivalent of USD 10 million.
- b. Domestic participants who want to take a position exceeding USD 10 million in the ETCD market will have to establish the existence of an underlying exposure. The procedure for the same shall be as under:
 - i. For participants who are exporters or importers of goods and services, the eligible limit up to which they can take appropriate hedging positions in ETCDs will be determined as (a) higher of the (I) average of the last three years' export turnover, or (II) previous year's export turnover, in case they are exporters and (b) fifty per cent of the higher of the (I) average of their last three years' imports turnover or (II) the previous year's turnover, in case they are importers.
 - ii. The participants shall furnish, to the trading member of the exchange, a certificate(s) from their statutory auditors regarding the limit(s) mentioned above along with an undertaking signed by the Chief Financial Officer (CFO) to the effect that at all time, the sum total of the outstanding OTC derivative contracts and the outstanding ETCD contracts shall be corresponding to the actual exports or imports contracted, as the case may be.
 - iii. Based on the above certificate, a trading member can book ETCD contracts upto fifty per cent of the eligible limit [as at paragraph (i) above] on behalf of the concerned customer. If a participant wishes to take position beyond the fifty per cent of the eligible limit in the ETCD, it has to produce a certificate from the statutory auditors certifying that the sum total of the outstanding OTC derivative contracts and outstanding ETCD contracts has generally been in correspondence with the eligible limits. Based on such a certificate, the trading member can book ETCD contracts beyond fifty per cent of the limit and up to limit mentioned in paragraph (i) above.
 - iv. For all other participants having an underlying foreign currency exposure in respect of both current and capital account transactions as also exporters and importers who wish to access the ETCD market on the basis of contracted exposure, they will have to undertake the transaction through AD Category-I bank/s who are operating as trading members. In such cases, the responsibility for verification of the underlying exposures and ensuring that the ETCD

- bought/sold is in conformity with the underlying exposure and that no OTC contract has been booked against the same underlying exposure shall rest with the concerned (AD Category I bank) trading member.
- v. All participants in the ETCD market, except those covered by paragraph (iv) above, will be required to submit to the concerned trading member of the exchange a half-yearly certificate from their statutory auditors as on March 31st and September 30th, within fifteen days from the said dates, to the effect that during the preceding six months, the derivative contracts entered into by the participant in the OTC and the ETCD markets put together did not exceed the actual exposure.
- c. It may be noted that the onus of complying with the provisions of this circular rests with the participant and in case of any contravention the participant shall render itself liable to any action that may be warranted as per the provisions of Foreign Exchange Management Act, 1999 and those of the Regulations, Directions, etc. framed thereunder.
3. In terms of [A.P. \(DIR Series\) Circular 86 dated March 1, 2013](#), AD Cat-I banks were not allowed to offset their positions in the ETCD market against the positions in the OTC derivatives market and in terms of [A.P. \(DIR Series\) Circular No. 7 dated July 8, 2013](#) they were not allowed to carry out any proprietary trading in the ETCD market. Keeping in view the evolving market conditions, it has now been decided that:
- AD Category-I banks may undertake proprietary trading in the ETCD market within their Net Open Position Limit (NOPL) and any limit that may be imposed by the exchanges for the purpose of risk management and preserving market integrity.
 - AD Category-I banks may also net / offset their positions in the ETCD market against the positions in the OTC derivatives markets. Keeping in view the volatility in the foreign exchange market, Reserve Bank may however stipulate a separate sub-limit of the NOPL (as a percentage thereof) exclusively for the OTC market as and when required.
4. Save and except as mentioned above, there will be no other upper limit on the position that can be taken by any participant, resident or non-resident, in the ETCD market. The exchanges under appropriate directions from SEBI may however impose any limit for risk management and preserving market integrity.

5. 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,

(C D Srinivasan)
Chief General Manager



**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai – 400 001**

RBI/ 2013-14/650

A .P. (DIR Series) Circular No. 148

June 20, 2014

To

All Category - I Authorised Dealer banks

Madam / Sir,

Risk Management and Inter-bank Dealings: Guidelines relating to participation of Foreign Portfolio Investors (FPIs) in the Exchange Traded Currency Derivatives (ETCD) market

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, the Currency Futures (Reserve Bank) Directions, 2008 dated August 6, 2008 and Exchange Traded Currency Options (Reserve Bank) Directions, 2010 dated July 30, 2010 as amended from time to time and also [A.P. \(Dir Series\) circular No.5 dated August 6, 2008](#) and [circular No.5 dated July 30, 2010](#) in terms of which only persons resident in India shall participate in the currency futures and exchange traded currency options market in India subject to the terms and conditions mentioned in the aforementioned notifications and guidelines, ibid.

2. It has now been decided to allow foreign portfolio investors (FPIs) eligible to invest in securities as laid down in Schedules 2, 5, 7 and 8 of the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 ([FEMA 20/2000-RB dated May 3, 2000](#)) (GSR 406 (E) dated May

3, 2000)) as amended from time to time to enter into currency futures or exchange traded currency options contracts subject to the following terms and conditions:

- a. FPIs will be allowed access to the currency futures or exchange traded currency options for the purpose of hedging the currency risk arising out of the market value of their exposure to Indian debt and equity securities.
- b. Such investors can participate in the currency futures / exchange traded options market through any registered / recognised trading member of the exchange concerned.
- c. FPIs can take position – both long(bought) as well as short(sold) – in foreign currency up to USD 10 million or equivalent per exchange without having to establish existence of any underlying exposure. The limit will be both day-end as well as intra-day.
- d. An FPI cannot take a short position beyond USD 10 million at any time and to take a long position beyond USD 10 million in any exchange, it will be required to have an underlying exposure. The onus of ensuring the existence of an underlying exposure shall rest with the FPI concerned.
- e. The exchange will, however, be free to impose additional restrictions as prescribed by the Securities and Exchange Board of India (SEBI) for the purpose of risk management and fair trading.
- f. The exchange/ clearing corporation will provide FPI wise information on day-end open position as well as intra-day highest position to the respective custodian banks. The custodian banks will aggregate the position of each FPI on the exchanges as well as the OTC contracts booked with them (i.e. the custodian banks) and other AD banks. If the total value of the contracts exceeds the market value of the holdings on any day, the concerned FPI shall be liable to such penal action as may be laid down by the SEBI in this regard and action as may be taken by Reserve Bank of India under the Foreign Exchange Management Act (FEMA), 1999. The designated custodian bank will be required to monitor this and bring transgressions, if any, to the notice of RBI / SEBI.

3. Accordingly, the Notifications No.FED.1 / ED (GP) - 2014 dated June 10, 2014 and No. FED. 2/ ED (GP) – 2014 dated June 10, 2014 viz. Currency Futures (Reserve Bank) Amendment Directions, 2014 and Exchange Traded Currency Options (Reserve Bank) Amendment Directions, 2014 amending the Directions notified vide Notification No.FED.1/DG (SG) – 2008 dated August 6, 2008 and Notification No. FED.1 / ED (HRK) - 2010 dated July 30, 2010 respectively have been issued. Copies of the Directions are enclosed (Annexes I & II).

4. Necessary amendments ([Notification No. FEMA 303/2014-RB dated May 21, 2014](#)) 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. 374(E) dated June 2, 2014, a copy of which is also enclosed (Annex III).

5. The above directions have been issued under section 45W of the Reserve Bank of India Act, 1934 and the regulations have been issued under clause (h) of sub-Section (2) of Section 47 of FEMA, 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,

(C D Srinivasan)
Chief General Manager

[A. P. (DIR Series) Circular No. 148 dated June 20, 2014]

Currency Futures (Reserve Bank) (Amendment) Directions, 2014
Notification No. FED. 1 /ED(GP)-2014 dated June 10, 2014

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) Amendment Directions, 2014 and they shall come into force with effect from June 10, 2014.

2. Amendment to Currency Futures (Reserve Bank) Directions, 2008

- (i) In para 3, for sub-para (ii), the following shall be substituted, namely:

“Persons resident in India, as defined in section 2 (v) of Foreign Exchange Management Act, 1999 (Act 42 of 1999) may purchase or sell currency futures to hedge an exposure to foreign exchange rate risk or otherwise.”

- (ii) In para. 3, after sub-para (ii), the following new sub-para shall be added, namely:

“(iii) Persons resident outside India, as defined in section 2 (w) of Foreign Exchange Management Act, 1999 (Act 42 of 1999), who are eligible to invest in securities as laid down in Schedules 2, 5, 7 and 8 of Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 (FEMA 20/2000-RB dated May 3, 2000 (GSR 406 (E) dated May 3, 2000)) as amended from time to time, may purchase or sell currency futures to hedge an exposure to foreign exchange rate risk or otherwise, subject to such conditions as Reserve Bank of India may stipulate.

- (i) (iii) In para. 5, for sub-para (i), the following shall be substituted:

“(i) No person other than as mentioned in paragraphs 3 (ii) and 3(iii) of these Directions shall participate in the currency futures market.”

(G Padmanabhan)
Executive Director

[A. P. (DIR Series) Circular No. 148 dated June 20, 2014]

**Exchange Traded Currency Options (Reserve Bank) (Amendment) Directions, 2014
Notification No. FED.2 / ED (GP) - 2014 dated June 10, 2014**

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 exchange traded currency options.

1. Short title and commencement of the directions

These directions may be called the Exchange Traded Currency Options (Reserve Bank) (Amendment) Directions, 2014 and they shall come into force with effect from June 10, 2014.

2. Amendment to the Exchange Traded Currency Options (Reserve Bank) Directions, 2010

(ii) In para 3, for sub-para (ii), the following shall be substituted, namely:

“Persons resident in India as defined in section 2(v) of Foreign Exchange Management Act, 1999 (Act 42 of 1999) may purchase or sell exchange traded currency options to hedge an exposure to foreign exchange rate risk or otherwise.”

(iii) In para. 3, after sub-para (ii), the following new sub-para shall be added, namely:

“(iii) Persons resident outside India, as defined in section 2 (w) of Foreign Exchange Management Act, 1999 (Act 42 of 1999), who are eligible to invest in securities as laid down in Schedules 2, 5, 7 and 8 of Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 (FEMA 20/2000-RB dated May 3, 2000 (GSR 406 (E) dated May 3, 2000)) as amended from time to time, may purchase or sell exchange traded currency options to hedge foreign exchange rate risk or otherwise, subject to such conditions as Reserve Bank of India may stipulate.”

(iv) In para. 5, for sub-para (i), the following shall be substituted:

“(i) No person other than as mentioned in sub-paragraphs (ii) and (iii) of paragraph 3 of these Directions shall participate in the exchange traded currency options market.”

**(G Padmanabhan)
Executive Director**

[A. P. (DIR Series) Circular No. 148 dated June 20, 2014]

Notification No. FEMA 303/2014-RB

May 21, 2014

Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2014

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 hereby makes the following amendments in the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 ([Notification No. FEMA. 25/2000-RB dated 3rd May 2000](#)) namely:-

1. Short Title and Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2014.
- (ii) They shall come in to force from the date of their publication in the Official Gazette.

2. Amendment of Regulations:

After Regulation 5A Regulation 5B shall be inserted as below:

“Permission to a person resident outside India to enter into currency futures or exchange traded currency options”

A person resident outside India who is eligible to invest in securities as laid down in Schedules 2, 5, 7 and 8 of Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000 ([FEMA 20/2000-RB dated May 3, 2000](#) (GSR 406 (E) dated May 3, 2000)) as amended from time to time, may enter into currency futures or exchange traded currency options contracts on a stock exchange recognised under section 4 of Securities Contracts (Regulations) Act, 1956 to hedge an exposure to risk, 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.”

(S M Pillai)
General Manager In-charge

Footnote:-

1. The Principal Regulations were published in the Official Gazette vide G.S.R. No.411(E) dated May 8, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide – G.S.R.No. 756(E) dated 28.09.2000
G.S.R.No. 264(E) dated 09.04.2002
G.S.R.No. 579(E) dated 19.08.2002
G.S.R.No. 222(E) dated 18.03.2003
G.S.R.No. 532(E) dated 09.07.2003
G.S.R.No. 880(E) dated 11.11.2003
G.S.R.No. 881(E) dated 11.11.2003
G.S.R.No. 750(E) dated 28.12.2005
G.S.R.No. 222(E) dated 19.04.2006
G.S.R.No. 223(E) dated 19.04.2006
G.S.R.No. 760(E) dated 07.12.2007
G.S.R.No. 577(E) dated 05.08.2008
G.S.R.No. 440(E) dated 23.06.2009
G.S.R.No. 895(E) dated 14.12.2009
G.S.R.No. 635(E) dated 27.07.2010
G.S.R.No. 608(E) dated 03.08.2012
G.S.R.No. 799(E) dated 30.12.2012
G.S.R.No. 330(E) dated 23.05.2013

Published in the Official Gazette of Government
of India Extraordinary – Part-II, Section 3, Sub-
Section (i) dated 02.06.2014- G.S.R.No.374 (E)



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

RBI/2013-14/657

A. P. (DIR Series) Circular No. 149

June 25, 2014

To,

All Authorised Persons

Madam / Sir,

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002 – Money Changing Activities - Change in period of maintenance and preservation of records

Please refer to clause (iii) – ‘Maintenance and Preservation of Record’ of para 4.13 of our [A.P. \(DIR Series\) Circular No.17 \[A.P. \(FL/RL Series\) Circular No.04\] dated November 27, 2009](#) on the captioned subject, as amended from time to time.

2. In terms of the above mentioned provisions, Authorised Persons are required to maintain and preserve records mentioned therein for a period of at least ten years. In view of the amendment to Section 12 of Prevention of Money Laundering Act, 2002 through Prevention of Money Laundering (Amendment) Act, 2012, Authorised Persons are now required to **maintain and preserve records** for a period of at least **five years**.

3. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(B. P. Kanungo)
Principal Chief General Manager



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

RBI/2013-14/658

A. P. (DIR Series) Circular No. 150

June 25, 2014

To,

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

Madam / Sir,

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/ Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002 – Money Transfer Service Scheme - Change in period of maintenance and preservation of records

Please refer to clause (a) of para 3.2 and clause (iii) – ‘Maintenance and Preservation of Record’ of para 5.12 of our [A.P. \(DIR Series\) Circular No.18 \[A.P. \(FL/RL Series\) Circular No.05\]](#) dated November 27, 2009 on the captioned subject, as amended from time to time.

2. In terms of the above mentioned provisions, Authorised Persons who are Indian Agents under MTSS are required to maintain and preserve records mentioned therein for a period of at least ten years. In view of the amendment to Section 12 of Prevention of Money Laundering Act, 2002 through Prevention of Money Laundering (Amendment) Act, 2012, Authorised Persons who are Indian Agents under MTSS are now required to **maintain and preserve records** for a period of at least **five years**.

3. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(B. P. Kanungo)
Principal Chief General Manager



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

**RBI/2013-14/669
A.P. (DIR Series) Circular No.151**

June 30, 2014

To

All Category – I Authorised Dealer Banks
Madam/ Sir,

Remittances to non-residents – Deduction of Tax at Source

Attention of Authorised Dealers in Foreign Exchange is invited to [A.P. \(DIR Series\)](#) [Circular No. 56 dated November 26, 2002](#) read with [A. P. \(DIR Series\) Circular No. 3 dated July 19, 2007](#) regarding the procedure to be followed in respect of deduction of tax at source while allowing remittances to the non-residents.

2. The Central Board of Direct Taxes (CBDT) has revised the existing instructions to be followed while allowing remittances to the non residents, with effect from October 1, 2013. It has issued Income Tax (14th Amendment) Rules, 2013 vide Notification No. S.O 2659(E) dated September 2, 2013 on furnishing of information under Section 195(6) of the Income Tax Act, 1961 and prescribed the rules and forms to this effect.

3. Reserve Bank of India has reviewed the policy relating to issue of instructions under Foreign Exchange Management Act, 1999 (FEMA), clarifying tax issues. It has now been decided that Reserve Bank of India will not issue any instructions under the FEMA, in this regard. It shall be mandatory on the part of Authorised Dealers to comply with the requirement of the tax laws, as applicable.

4. Authorised Dealers may bring the content of this circular to the notice of their constituents concerned. Further, they may also be advised to approach CBDT for any clarification in this regard.

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

Yours faithfully

(C.D. Srinivasan)
Chief General Manager