

AD CONFERENCE - 2015

FOREIGN EXCHANGE
DEPARTMENT

Current Account

▣ Trade Matters-

- 1) EDPMS - export data processing and monitoring system was put in place from March 1, 2014 for effective monitoring, tracking and reconciliation of export transactions.
- 2) Exporters were permitted to receive long term export advance up to a maximum tenor of 10 years for execution of long term supply contracts for export of goods.

Current Accountcontd.

▣ Trade matters.....contd.

3). New regulations were issued to boost merchant trade and enable third party payments for export/ import of goods/ software. The limit of USD 100,000 lakh prescribed for third party payments, for import of goods, was also withdrawn

4). Guidelines for gold imports were rationalized and Star/ Premier Trading Houses were allowed to import gold on the 20:80 principle

Capital Account

▣ Overseas Investment

- 1) The total outflow towards overseas direct investment (ODI) in Joint Ventures (JV) and Wholly Owned Subsidiaries (WOS) by the Indian Parties has increased to USD 12.85 billion USD 11.04 billion the previous year
- 2) However, inflows by way of profit, dividend, retained earnings, and others (Royalties, Consultancy fees, Technical Know-how fees etc.) for the year 2013-14 reduced to USD 2.19 billion from USD 5.50 billion for the previous year.

▣ Overseas Investment.....contd.

- 3). From May 19, 2014, a limited liability partnership (LLP) is treated as an 'Indian party' for undertaking ODI
- 4). The limit on overseas direct investments (ODIs) which was reduced in August 2013, was restored to the original level (ie., 400 per cent of the net worth of an entity) but any financial commitment exceeding USD 1 billion in a financial year would require prior approval of the Reserve Bank.

Representative Offices

- ▣ From July 15, 2014, three divisions of Foreign Investment Division (FID) of Central Office, viz., Liaison/ Branch/ Project Office (LO/BO/PO) Division, Non Resident Foreign Account Division (NRFAD) and Immovable Property (IP) Division were shifted to New Delhi. The policies relating to these divisions continue to be vested at Central Office, Mumbai.
- ▣ Further liberalisation have been made and powers have been delegated to AD Category-I banks to permit transfer of assets of Liaison Office/Branch Office/Project Office.

Facilities for Individuals

- ▣ Liberalised Remittance Scheme
 - The limit of the remittances that could be made under the Liberalised Remittance Scheme was increased to USD 125,000 for all permissible capital and current account transactions
 - In addition, making remittances outside India for purchasing immovable property, which was discontinued in August 2013, was also restored

Facilities for Individuals

- ▣ Credit balances in any inoperative foreign currency denominated deposit are required to be converted into Indian Rupees within three years of their remaining in-operative and thereafter, transferred to the Depositor Education and Awareness Fund (DEAF) scheme
- ▣ The Central Board for Direct Taxes (CBDT) revised the guidelines relating to submitting Forms 15 CA & 15 CB. Consequently, Reserve Bank of India has clarified that it will not issue any instructions under the FEMA clarifying tax issues.

Facilities for Individuals...contd

- ▣ For operational convenience, NRI close relatives are permitted to be included as joint holders, in existing/ new resident bank accounts along with the resident account holder, on “Either or Survivor” basis, subject to conditions

Miscellaneous

- ▣ The Government of India has taken an initiative in the form of the eBiz Project with the objective of creating a one-stop-shop of convenient and efficient online services to the business community. Reserve Bank of India is hosting FDI related data on eBiz.

THANK YOU