

Foreign Exchange Developments

October 2011

1. Appointment of Agents/Franchisees by Authorised Dealer Category-I banks, Authorised Dealer Category-II and Full Fledged Money Changers – Revised Guidelines

It was decided to amend certain instructions contained in the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009. All the other instructions contained shall remain unchanged.

Paragraph No. [cf. Annex I to the A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009]	Existing Instructions	Revised Instructions
(C) 3 (b) - Agency/Franchisee agreement	(b) The foreign currency purchased by the franchisee should be surrendered to the franchiser or any other authorised persons, as may be agreed upon, within 7 working days from the date of purchase.	(b) The foreign currency purchased by the franchisee should be surrendered only to the franchiser within 7 working days from the date of purchase.
(C) 4 - Due Diligence of Agents/ Franchisees	<p>The ADs Category – I/ADs Category – II/FFMCs should undertake the following minimum checks while conducting the due diligence of the agents/franchisees</p> <ul style="list-style-type: none"> Existing business activities of the agent/franchisee/its position in the area. Minimum Net Owned Funds of the agent/franchisee. Shop & Establishment/other applicable municipal certification in favour of the agent/ franchisee. Verification of physical existence of location of the agent/franchisee, where restricted money changing activities will be conducted. conduct certificate of the agent/ franchisee from the local police authorities. declaration regarding past criminal case, if any, cases initiated/pending against the agent/franchisee or its directors/partners by any law enforcing agency, if any. PAN Card of the agent/franchisee and its directors/partners. Photographs of the directors/partners and the key persons of agent/ 	<p>The ADs Category – I/ADs Category – II/FFMCs should undertake the following minimum checks while conducting the due diligence of the agents/franchisees</p> <ul style="list-style-type: none"> Existing business activities of the agent/ franchisee/its position in the area. Minimum Net Owned Funds of the agent/ franchisee. Shop & Establishment/other applicable municipal certification in favour of the agent/ franchisee. Verification of physical existence of location of the agent/franchisee, where restricted money changing activities will be conducted. conduct certificate of the agent/franchisee from the local police authorities. <p>Note: - Obtaining of Conduct Certificate of the agent/ franchisee from the local police authorities is optional for the franchisers. However, the franchisers may take due care to avoid appointing individuals/ entities as franchisees who have cases/proceedings initiated/pending against them by any law enforcing agencies.</p> <ul style="list-style-type: none"> declaration regarding past criminal case, if any, cases initiated/pending against the

	franchisee. The above checks should be done on a regular basis, at least once in a year. The AD Category – I/AD Category – II/FFMCs should obtain from the agents/franchisees proper documentary evidence confirming the location of the agents/franchisees in addition to personal visits to the site. The AD Category – I/AD Category – II/FFMCs should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent/franchisee, <i>i.e.</i> , ₹10 lakh on an ongoing basis.	agent/franchisee or its directors/partners by any law enforcing agency, if any. <ul style="list-style-type: none"> • PAN Card of the agent/franchisee and its directors/partners. • Photographs of the directors/partners and the key persons of agent/franchisee. The above checks should be done on a regular basis, at least once in a year. The AD Category – I/AD Category – II/FFMCs should obtain from the agents/franchisees proper documentary evidence confirming the location of the agents/franchisees in addition to personal visits to the site. The AD Category – I/AD Category – II/FFMCs should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent/franchisee, <i>i.e.</i>, ₹10 lakh on an ongoing basis.
(C) 5. Selection of Centers	Franchisers are free to select centers for operationalising the scheme	<p>(i) The AD Category – I banks/AD Category – II/FFMCs may appoint franchisees within a distance of 100 kms. from their controlling branches concerned.</p> <p>(ii) However, this distance criterion is exempted in case of a recognised group/chain of hotels appointed as franchisees, provided the headquarters of the group/chain of hotels falls within a distance of 100 kms. of the controlling branch of the AD Category – I banks/AD Category – II/FFMCs(franchiser)concerned.</p> <p>(iii) Further, in case of areas declared as hilly areas (as defined by the respective State Governments/Union Territories) and the North-Eastern States, the distance restriction given in point (i) above is not applicable.</p> <p>Note: - AD Category – I/ AD Category – II/ FFMCs may adhere to the revised guidelines for the new franchisees with immediate effect. They may implement the said criterion for the existing franchisees as early as possible, latest by December 31, 2011 and report the same to the Regional Office of the Reserve Bank concerned.</p>
(E) 10 Foreign Currency Balances	ii. RMCs/ Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased to an AD or to an FFMC within seven working days.	ii. Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.

[A.P. (DIR Series) Circular No. 31 dated October 03, 2011]

2. Liberalised Remittance Scheme for Resident Individuals - Revised Application cum Declaration form

Authorised Dealer Category I (AD – Category I) banks were advised to refer to the Annex to the A. P. (DIR Series) Circular No. 51 dated May 8, 2007 containing the Application cum Declaration form for purchase of foreign exchange under the Liberalised Remittance Scheme (LRS) for resident individuals.

In terms of the A. P. (DIR Series) Circular Nos. 17 and 18 dated September 16, 2011, a resident individual was permitted to make a gift/loan in rupees to a Non-Resident Indian /Person of Indian Origin close relative (s), subject to certain terms and conditions. One of the conditions is that the gift/loan amount should be within the overall limit of US\$ 200,000 per financial

year as permitted under the LRS for a resident individual. Accordingly, the Application cum Declaration form for purchase of foreign exchange under the LRS was revised.

[A.P. (DIR Series) Circular No. 32 dated October 10, 2011]

3. Memorandum of Instructions governing money changing activities

It was decided to amend certain instructions contained in the Parts A and E of the Annex I to the Memorandum of Instructions governing money changing activities, issued vide A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009. All the other instructions shall remain unchanged.

[Annex to A. P. (DIR Series) Circular No. 33 dated October 12, 2011] Paragraph No. [cf. Annex-I to the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009]	Earlier guidelines	Revised guidelines
Note at the end of Part A	[Note: - No fresh authorisation will be issued to Urban Cooperative Banks (UCBs) to function as FFCs].	[Note: Urban Cooperative Banks (UCBs), fulfilling the eligibility norms, would be considered for authorisation as Authorised Dealer Category-I/Authorised Dealer Category -II only.]
(E) 6 – Sales against Reconversion of Indian Currency	Note (2) : ADs Category - I and ADs Category - II may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card).	Note (2): ADs Category – I, ADs Category – II and FFCs may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card).

[A.P. (DIR Series) Circular No. 33 dated October 12, 2011]

4. Exim Bank's Line of Credit of USD 27.50 million to the Government of the Republic of Senegal

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated April 21, 2011 with the Government of the Republic of Senegal, making available to the latter, a Line of Credit (LOC) of US\$ 27.50 million (USD twenty seven million and five hundred thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing rural electrification project in Senegal.

The Credit Agreement under the LOC is effective from August 24, 2011 and the date of execution of Agreement is April 21, 2011. 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 (April 20, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

[A.P. (DIR Series) Circular No. 34
dated October 14, 2011]

5. Processing and Settlement of Export related receipts facilitated by Online Payment Gateways - Enhancement of the value of transaction

In terms of A.P.(DIR Series) Circular No. 17 dated November 16, 2010, AD Category – I banks were permitted to offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs), subject to the conditions stipulated therein.

The instructions were reviewed in the context of requests received from exporters for suitable enhancement of the value of the transaction from USD 500. Accordingly, it was decided to increase the value per transaction from USD 500 to USD 3000 for export related remittances received through OPGSPS. The revised directions came into force with immediate effect. All other terms and conditions shall remain unchanged.

[A.P. (DIR Series) Circular No. 35
dated October 14, 2011]

6. Opening Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR (B)] account in any freely convertible currency – liberalisation

In terms of the Paragraph 2 of Schedule 2 to the Notification No.FEMA 5/2000-RB dated May 3, 2000, *viz.* Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time, read with Notification No. FEMA 14/2000-RB dated May 3, 2000, *viz.* Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000, as amended from time to time, the deposit of funds in the Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)] accounts were permitted to be accepted in such permissible currencies as was designated by the Reserve Bank from time to time. Presently, Pound Sterling, US Dollar, Japanese Yen, Euro, Canadian Dollar and Australian Dollar were the currencies designated by the Reserve Bank.

The Committee to Review the Facilities for Individuals under FEMA, 1999 in its Report had recommended that FCNR (B) accounts permitted to be opened in any freely convertible currency. On a review, it was decided that AD banks in India will be permitted to accept FCNR (B) deposits in any permitted currency. It may be noted that 'Permitted currency' for this purpose would mean a foreign currency which is freely convertible as defined in terms of Regulation 2(v) of FEMA 14/2000-RB dated May 3, 2000, as amended from time to time.

[A.P. (DIR Series) Circular No. 36
dated October 19, 2011]

7. (i) Repatriation of income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement (ii) repatriation of income and sale proceeds of assets acquired abroad through remittances under Liberalised Remittance Scheme – Clarification

The Committee to Review the Facilities for Individuals under FEMA, 1999 had suggested in its

Report that necessary clarifications may be issued forthwith clarifying the position that income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement and income and sale proceeds of assets held abroad through remittances under LRS need not be repatriated.

Accordingly, it was clarified as under:

- (a) in terms of sub-section 4 of Section (6) of FEMA, 1999, a person resident in India is free to 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.
- (b) an investor can retain and reinvest the income earned on investments made under the Liberalised Remittance Scheme.

[A.P. (DIR Series) Circular No. 37
dated October 19, 2011]

8. Memorandum of Instructions governing money changing activities - Location of Forex Counters in International Airports in India

On a review relating to compliance of the Foreign Exchange Counters (full-fledged branches/ extension counters) opened by Authorised Dealer Category-I banks, Authorised Dealers Category-II and Full Fledged

Money Changers beyond the Domestic Tariff Area in international airports in India, it has been decided as under:

- (a) Foreign Exchange Counters in the arrival halls in international airports in India shall ideally be established after the Customs Desk (Green Channel/Red Channel). However, Foreign Exchange Counters may also be established between the Immigration Desk and the Customs Desk in international airports in India, subject to the condition that these counters shall only purchase Foreign currency and sell Indian Rupees (INR) and 'Encashment Certificates' shall invariably be issued by the money changers to the customers.
- (b) Similarly, Foreign Exchange Counters in the departure halls in international airports in India shall be established only before the Customs Desk or the Immigration Desk, whichever comes first. 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) may be followed up with the Airport Authorities.

The Foreign Exchange Counters of Authorised Dealers Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers, not conforming to the above, should be relocated in accordance with the above instructions, latest by **December 31, 2011**.

[A.P. (DIR Series) Circular No. 38
dated October 25, 2011]

1. Appointment of Agents/Franchisees by Authorised Dealer Category-I banks, Authorised Dealer Category-II and Full Fledged Money Changers– Revised Guidelines

It has been decided to amend certain instructions contained in the said A.P. (DIR Series) Circular. The revised instructions are given in the Annex. All the other instructions contained in the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009 shall remain unchanged.

Annex

[Annex to A. P. (DIR Series) Circular No. 31
dated October 03, 2011]

Paragraph No. [cf. Annex I to the A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009]	Existing Instructions	Revised Instructions
(C) 3 (b) - Agency/ Franchisee agreement	(b) The foreign currency purchased by the franchisee should be surrendered to the franchiser or any other authorised persons, as may be agreed upon, within 7 working days from the date of purchase.	(b) The foreign currency purchased by the franchisee should be surrendered only to the franchiser within 7 working days from the date of purchase.
(C) 4 - Due Diligence of Agents/ Franchisees	<p>The ADs Category – I/ADs Category – II/ FFMCs should undertake the following minimum checks while conducting the due diligence of the agents/franchisees</p> <ul style="list-style-type: none"> • Existing business activities of the agent/franchisee/its position in the area. • Minimum Net Owned Funds of the agent/franchisee. • Shop & Establishment/other applicable municipal certification in favour of the agent/ franchisee. • Verification of physical existence of location of the agent/franchisee, where restricted money changing activities will be conducted. • conduct certificate of the agent/ franchisee from the local police authorities • declaration regarding past criminal case, if any, cases initiated/pending against the agent/franchisee or its directors/partners by any law enforcing agency, if any. 	<p>The ADs Category – I/ADs Category – II/ FFMCs should undertake the following minimum checks while conducting the due diligence of the agents/franchisees</p> <ul style="list-style-type: none"> • Existing business activities of the agent/ franchisee/its position in the area. • Minimum Net Owned Funds of the agent/ franchisee. • Shop & Establishment/other applicable municipal certification in favour of the agent/ franchisee. • Verification of physical existence of location of the agent/franchisee, where restricted money changing activities will be conducted. • conduct certificate of the agent/franchisee from the local police authorities. <p>Note: - Obtaining of Conduct Certificate of the agent/ franchisee from the local police authorities is optional for the franchisers. However, the franchisers may take due care to avoid appointing individuals/ entities as franchisees who have cases/proceedings initiated/pending against them by any law enforcing agencies.</p>

	<ul style="list-style-type: none"> • PAN Card of the agent/franchisee and its directors/partners. • Photographs of the directors/partners and the key persons of agent/franchisee. <p>The above checks should be done on a regular basis, at least once in a year. The AD Category – I/AD Category – II/FFMCs should obtain from the agents/franchisees proper documentary evidence confirming the location of the agents/franchisees in addition to personal visits to the site. The AD Category – I/AD Category – II/FFMCs should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent/franchisee, <i>i.e.</i>, ₹10 lakh on an ongoing basis.</p>	<ul style="list-style-type: none"> • declaration regarding past criminal case, if any, cases initiated/pending against the agent/franchisee or its directors/partners by any law enforcing agency, if any. • PAN Card of the agent/franchisee and its directors/partners. • Photographs of the directors/partners and the key persons of agent/franchisee. <p>The above checks should be done on a regular basis, at least once in a year. The AD Category – I/AD Category – II/FFMCs should obtain from the agents/franchisees proper documentary evidence confirming the location of the agents/franchisees in addition to personal visits to the site. The AD Category – I/AD Category – II/FFMCs should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent/franchisee, <i>i.e.</i>, ₹10 lakh on an ongoing basis.</p>
(C) 5. Selection of Centers	Franchisers are free to select centers for operationalising the scheme	<p>i) The AD Category – I banks/AD Category – II/FFMCs may appoint franchisees within a distance of 100 kms. from their controlling branches concerned.</p> <p>ii) However, this distance criterion is exempted in case of a recognised group/chain of hotels appointed as franchisees, provided the headquarters of the group/chain of hotels falls within a distance of 100 kms. of the controlling branch of the AD Category – I banks/AD Category – II/FFMCs(franchiser)concerned.</p> <p>iii) Further, in case of areas declared as hilly areas (as defined by the respective State Governments/Union Territories) and the North-Eastern States, the distance restriction given in point (i) above is not applicable.</p> <p>Note: - AD Category – I/ AD Category – II/FFMCs may adhere to the revised guidelines for the new franchisees with immediate effect. They may implement the said criterion for the existing franchisees as early as possible, latest by December 31, 2011 and report the same to the Regional Office of the Reserve Bank concerned.</p>

<p>(E) 10 Foreign Currency Balances</p>	<p>ii. RMCs/ Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased to an AD or to an FFMC within seven working days.</p>	<p>ii. Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.</p>
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[A.P. (DIR Series) Circular No. 31 dated October 03, 2011]

2. Liberalised Remittance Scheme for Resident Individuals- Revised Application cum Declaration form

Authorised Dealer Category I (AD – Category I) banks were advised to refer to the Annex to the A. P. (DIR Series) Circular No. 51 dated May 8, 2007 containing the Application cum Declaration form for purchase of foreign exchange under the Liberalised Remittance Scheme (LRS) for resident individuals.

In terms of the A. P. (DIR Series) Circular Nos. 17 and 18 dated September 16, 2011, a resident individual was permitted to make a gift/loan in rupees to a Non-Resident Indian/Person of Indian Origin close relative (s), subject to certain terms and conditions. One of the conditions is that the gift/loan amount should be within the overall limit of USD 200,000 per financial year as permitted under the LRS for a resident individual. Accordingly, the revised Application cum Declaration form for purchase of foreign exchange under the LRS is annexed.

Annex

[Annex to A. P. (DIR Series) Circular No. 32 dated October 10, 2011]

Application cum Declaration for purchase of foreign exchange under the Liberalised Remittance Scheme of USD 200,000 for Resident individuals

(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 required

- 1. Amount (Specify currency)
- 2. Purpose

III. Source of funds:

IV. Nature of instrument

- Draft
- Direct remittance

V. Details of the remittance made under the Scheme in the financial year (April- March) 20 – 20.

Date: Amount :

VI. Details of the Beneficiary

- 1. Name
- 2. Address
- 3. Country

4*. Name and address of the bank

5*. Account No

(* Required only when the remittance is to be directly credited to the bank account of the beneficiary)

This is to authorize you to debit my account and effect the foreign exchange remittance/ issue a draft as detailed above. (Strike out whichever is not applicable).

Declaration

I, (Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year as per item No. V of the Application, including loan extended or gift made in rupees credited to NRO account of non-resident close relative(s), is within the limit of USD 200,000/- (US Dollar Two lakh only), which is the limit prescribed by the Reserve Bank for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.

Signature of the applicant
(Name)

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Place:

Signature:

Date: Stamp and Seal

[A.P. (DIR Series) Circular No. 32
dated October 10, 2011]

3. Memorandum of Instructions governing money changing activities

Authorised Persons were advised to note the Parts A and E of the Annex I to the Memorandum of Instructions governing money changing activities, issued vide A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009.

It has been decided to amend certain instructions contained in the aforementioned Parts. The amended instructions are given in the Annex. All the other instructions shall remain unchanged.

Annex

**[Annex to A. P. (DIR Series) Circular No. 33
dated October 12, 2011]**

Paragraph No. [cf. Annex-I to the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009]	Earlier guidelines	Revised guidelines

Note at the end of Part A	[Note: - No fresh authorisation will be issued to Urban Cooperative Banks (UCBs) to function as FFMCs].	[Note: Urban Cooperative Banks (UCBs), fulfilling the eligibility norms, would be considered for authorisation as Authorised Dealer Category-I/Authorised Dealer Category -II only.]
(E) 6 – Sales against Reconversion of Indian Currency	Note (2) : ADs Category - I and ADs Category - II may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. <ul style="list-style-type: none"> • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card). 	Note (2): ADs Category – I, ADs Category – II and FFMCs may provide facility for reconversion of Indian Rupees to the extent of ₹50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. <ul style="list-style-type: none"> • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card).

[A.P. (DIR Series) Circular No. 33 dated October 12, 2011]

4. Exim Bank's Line of Credit of US\$ 27.50 million to the Government of the Republic of Senegal

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated April 21, 2011 with the Government of the Republic of Senegal, making available to the latter, a Line of Credit (LOC) of US\$ 27.50 million (US\$ twenty seven million and five hundred thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing rural electrification project in Senegal. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the sellers from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the sellers for the purpose of Eligible Contract from outside India.

The Credit Agreement under the LOC is effective from August 24, 2011 and the date of execution of Agreement is April 21, 2011. 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 (April 20, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

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.

No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilise 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 realisation of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

[A.P. (DIR Series) Circular No. 34 dated October 14, 2011]

5. Processing and Settlement of Export related receipts facilitated by Online Payment Gateways - Enhancement of the value of transaction

In terms of A.P.(DIR Series) Circular No. 17 dated November 16, 2010, AD Category – I banks are permitted to offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs), subject to the conditions stipulated therein.

The present instructions are reviewed in the context of requests received from exporters for suitable enhancement of the value of the transaction from US\$ 500. Accordingly, it has been decided to increase the value per transaction from US\$ 500 to US\$ 3000 for export related remittances received through OPGSPs. The revised directions will come into force with immediate effect. All other terms and conditions shall remain unchanged.

[A.P. (DIR Series) Circular No. 35
dated October 14, 2011]

6. Opening Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)] account in any freely convertible currency – liberalisation

In terms of the Paragraph 2 of Schedule 2 to the Notification No.FEMA 5/2000-RB dated May 3, 2000, *viz.* Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time, read with Notification No. FEMA 14/2000-RB dated May 3, 2000, *viz.* Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000, as amended from time to time, the deposit of funds in the Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)] accounts will be accepted in such permissible currencies as will be designated by the Reserve Bank from time to time. Presently, Pound Sterling, US Dollar, Japanese Yen, Euro, Canadian Dollar and Australian Dollar are the currencies designated by the Reserve Bank.

The Committee to Review the Facilities for Individuals under FEMA, 1999 in its Report has recommended that FCNR (B) accounts will be permitted to be opened in any freely convertible currency. On a review, it has been decided that AD banks in India will be permitted to accept FCNR (B) deposits in any permitted currency. It may be noted that 'Permitted currency' for this purpose would mean a foreign currency which is freely convertible as defined in terms of Regulation 2(v) of FEMA 14/2000-RB dated May 3, 2000, as amended from time to time.

[A.P. (DIR Series) Circular No. 36
dated October 19, 2011]

7. (i) Repatriation of income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement (ii) repatriation of income and sale proceeds of assets acquired abroad through remittances under Liberalised Remittance Scheme – Clarification

The Committee to Review the Facilities for Individuals under FEMA, 1999 has suggested in its Report that necessary clarifications may be issued forthwith clarifying the position that income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement and income and sale proceeds of assets held abroad through remittances under LRS need not be repatriated.

Accordingly, it is clarified as under:

(a) in terms of sub-section 4 of Section (6) of FEMA, 1999, a person resident in India is free to 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.

(b) an investor can retain and reinvest the income earned on investments made under the Liberalised Remittance Scheme.

[A.P. (DIR Series) Circular No. 37
dated October 19, 2011]

8. Memorandum of Instructions governing money changing activities- Location of Forex Counters in International Airports in India

On a review relating to compliance of the Foreign Exchange Counters (full-fledged branches/ extension counters) opened by Authorised Dealer Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers beyond the Domestic Tariff Area in international airports in India, it has been decided as under :

(a) Foreign Exchange Counters in the arrival halls in international airports in India shall ideally be established after the Customs Desk (Green Channel/ Red Channel). However, Foreign Exchange Counters may also be established between the Immigration Desk and the Customs Desk in international airports in India, subject to the condition that these counters shall

only purchase Foreign currency and sell Indian Rupees (INR) and 'Encashment Certificates' shall invariably be issued by the money changers to the customers.

(b) Similarly, Foreign Exchange Counters in the departure halls in international airports in India shall be established only before the Customs Desk or the Immigration Desk, whichever comes first. 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) may be followed up with the Airport Authorities.

The Foreign Exchange Counters of Authorised Dealers Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers, not conforming to the above, should be relocated in accordance with the above instructions, latest by December 31, 2011.

[A.P. (DIR Series) Circular No. 38
dated October 25, 2011]